

**ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD  
APPLICATION FOR PERMIT**

**ORIGINAL****SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION****This Section must be completed for all projects.**

OCT 06 2017

**Facility/Project Identification**

Facility Name: OSF St. Joseph Medical Center, Bloomington – Medical Office Building		
Street Address: 2200 East Washington		
City and Zip Code: Bloomington 61701		
County: McLean	Health Service Area: 4	Health Planning Area: 0-02

**Applicant(s)** [Provide for each applicant (refer to Part 1130.220)]

Exact Legal Name: OSF Healthcare System d/b/a OSF St. Joseph Medical Center		
Street Address: 800 N.E. Glen Oak Avenue		
City and Zip Code: Peoria 61603		
Name of Registered Agent: Sister Theresa Ann Brazeau, OSF		
Registered Agent Street Address: 1175 Saint Francis Lane		
Registered Agent City and Zip Code: East Peoria 61611		
Name of Chief Executive Officer: Kevin Schoepflein		
CEO Street Address: 800 N.E. Glen Oak Avenue		
CEO City and Zip Code: Peoria 61603		
CEO Telephone Number: 309-655-2850		

**Type of Ownership of Applicants**

<input checked="" type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership
<input type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental
<input type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship
<input type="checkbox"/> Other	

☐ Corporations and limited liability companies must provide an Illinois certificate of good standing.  
☐ Partnerships must provide the name of the state in which they are organized and the name and address of each partner specifying whether each is a general or limited partner.

APPEND DOCUMENTATION AS ATTACHMENT 1, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

**Primary Contact** [Person to receive ALL correspondence or inquiries]

Name: Clare E. Connor
Title: Partner
Company Name: McDermott Will & Emery LLP
Address: 444 W. Lake Street, Suite 4000, Chicago, IL 60606
Telephone Number: 312-984-3365
E-mail Address: cconnor@mwe.com
Fax Number: 312-277-2964

**Additional Contact** [Person who is also authorized to discuss the application for permit]

Name: Mark Hohulin
Title: Senior Vice President, Healthcare Analytics
Company Name: OSF Healthcare System
Address: 530 N.E. Glen Oak Avenue, Peoria, IL 61637
Telephone Number: 309-308-9656
E-mail Address: mark.e.hohulin@osfhealthcare.org
Fax Number: 309-308-0530

**Post Permit Contact**

[Person to receive all correspondence subsequent to permit issuance-THIS PERSON MUST BE EMPLOYED BY THE LICENSED HEALTH CARE FACILITY AS DEFINED AT 20 ILCS 3960]

Name: Mark Hohulin
Title: Senior Vice President, Healthcare Analytics
Company Name: OSF Healthcare System
Address: 800 N.E. Glen Oak Avenue, Peoria, IL 61603
Telephone Number: 309-308-9656
E-mail Address: mark.e.hohulin@osfhealthcare.org
Fax Number: 309-308-0530

**Site Ownership**

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: OSF Healthcare System
Address of Site Owner: 800 N.E. Glen Oak Avenue, Peoria, IL 61603
Street Address or Legal Description of the Site: Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statements, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease, or a lease.
APPEND DOCUMENTATION AS <u>ATTACHMENT 2</u> , IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

**Operating Identity/Licensee**

[Provide this information for each applicable facility and insert after this page.]

Exact Legal Name: OSF Healthcare System d/b/a OSF St. Joseph Medical Center, Bloomington	
Address: 2200 East Washington, Bloomington, IL 61701	
<input checked="" type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership
<input type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental
<input type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Other
<ul style="list-style-type: none"><li>o Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.</li><li>o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.</li><li>o <b>Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.</b></li></ul>	
APPEND DOCUMENTATION AS <u>ATTACHMENT 3</u> , IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

**Organizational Relationships**

Provide (for each applicant) an organizational chart containing the name and relationship of any person or entity who is related (as defined in Part 1130.140). If the related person or entity is participating in the development or funding of the project, describe the interest and the amount and type of any financial contribution.

APPEND DOCUMENTATION AS ATTACHMENT 4, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

**Flood Plain Requirements**

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2006-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements, please provide a map of the proposed project location showing any identified floodplain areas. Floodplain maps can be printed at [www.FEMA.gov](http://www.FEMA.gov) or [www.illinoisfloodmaps.org](http://www.illinoisfloodmaps.org). **This map must be in a readable format.** In addition, please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2006-5 (<http://www.hfsrb.illinois.gov>).

APPEND DOCUMENTATION AS **ATTACHMENT 5**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

**Historic Resources Preservation Act Requirements**

[Refer to application instructions.]

Provide documentation regarding compliance with the requirements of the Historic Resources Preservation Act.

APPEND DOCUMENTATION AS **ATTACHMENT 6**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

**DESCRIPTION OF PROJECT****1. Project Classification**

[Check those applicable - refer to Part 1110.40 and Part 1120.20(b)]

Part 1110 Classification:

- ☐ Substantive
- ☒ Non-substantive

## 2. Narrative Description

In the space below, provide a brief narrative description of the project. Explain **WHAT** is to be done in **State Board defined terms**, **NOT WHY** it is being done. If the project site does NOT have a street address, include a legal description of the site. Include the rationale regarding the project's classification as substantive or non-substantive.

OSF St. Joseph Medical Center, Bloomington ("SJMC") intends to construct an approximately 51,000 gross square foot medical office building on its campus. The physicians who will have offices in the building will be mostly primary care and cardiac specialists. A stacking diagram of the building is attached hereto.

In addition to the medical office space, the building will dedicate space to out-patient cardiac services including nuclear medicine, stress testing, echocardiography, vascular ultrasound, infusion and cardiac rehabilitation. In addition, there will be an on-site occupational health service, and general radiology.

Currently, there are five different sites (none within the Hospital building) offering these primary care, cardiology and occupational health services. Relocating them to one site on campus, as proposed, will improve access to the services and increase efficiency in providing care. The five sites to be vacated total approximately 53,000 GSF. There are no current plans for use of this space, although eventually the areas will be re-purposed.

This project is non-substantive as it does not propose establishment or discontinuation of a health care facility or category of service.

**Project Costs and Sources of Funds**

Complete the following table listing all costs (refer to Part 1120.110) associated with the project. When a project or any component of a project is to be accomplished by lease, donation, gift, or other means, the fair market or dollar value (refer to Part 1130.140) of the component must be included in the estimated project cost. If the project contains non-reviewable components that are not related to the provision of health care, complete the second column of the table below. Note, the use and sources of funds must be equal.

Project Costs and Sources of Funds			
USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Preplanning Costs	0	9,000	9,000
Site Survey and Soil Investigation		4,000	4,000
Site Preparation	0	0	0
Off Site Work	0	0	0
New Construction Contracts	5,726,666.70	11,453,333.30	17,180,000
Modernization Contracts	0	0	0
Contingencies	734,855.50	734,855.50	1,469,711
Architectural/Engineering Fees	596,069	596,069	1,192,138
Consulting and Other Fees	50,000	50,000	100,000
Movable or Other Equipment (not in construction contracts)	2,093,100	1,250,000	3,343,100
Bond Issuance Expense (project related)	127,000	127,000	254,000
Net Interest Expense During Construction (project related)	626,500	626,500	1,253,000
Fair Market Value of Leased Space or Equipment	0	0	0
Other Costs To Be Capitalized		175,000	175,000
Acquisition of Building or Other Property (excluding land)	0	0	0
<b>TOTAL USES OF FUNDS</b>	<b>\$9,954,191.20</b>	<b>\$15,025,757.80</b>	<b>\$24,979,949</b>
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities			
Pledges			
Gifts and Bequests			
Bond Issues (project related)	\$9,963,191.20	\$15,025,757.80	\$24,988,949
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
<b>TOTAL SOURCES OF FUNDS</b>	<b>\$9,963,191.20</b>	<b>\$15,025,757.80</b>	<b>\$24,988,949</b>
<b>NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT 7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b>			

**Related Project Costs**

Provide the following information, as applicable, with respect to any land related to the project that will be or has been acquired during the last two calendar years:

Land acquisition is related to project	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Purchase Price:	\$ _____	
Fair Market Value:	\$ _____	
The project involves the establishment of a new facility or a new category of service <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
If yes, provide the dollar amount of all <b>non-capitalized</b> operating start-up costs (including operating deficits) through the first full fiscal year when the project achieves or exceeds the target utilization specified in Part 1100.		
Estimated start-up costs and operating deficit cost is \$ <u>N/A</u>		

**Project Status and Completion Schedules**

<b>For facilities in which prior permits have been issued please provide the permit numbers.</b>	
Indicate the stage of the project's architectural drawings:	
<input type="checkbox"/> None or not applicable	<input type="checkbox"/> Preliminary
<input checked="" type="checkbox"/> Schematics	<input type="checkbox"/> Final Working
Anticipated project completion date (refer to Part 1130.140): <u>12/31/2019</u>	
Indicate the following with respect to project expenditures or to financial commitments (refer to Part 1130.140):	
<input type="checkbox"/> Purchase orders, leases or contracts pertaining to the project have been executed.	
<input type="checkbox"/> Financial commitment is contingent upon permit issuance. Provide a copy of the contingent "certification of financial commitment" document, highlighting any language related to CON Contingencies	
<input checked="" type="checkbox"/> Financial Commitment will occur after permit issuance.	
APPEND DOCUMENTATION AS <u>ATTACHMENT 8</u> , IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

**State Agency Submittals** [Section 1130.620(c)]

Are the following submittals up to date as applicable:
<input checked="" type="checkbox"/> Cancer Registry
<input checked="" type="checkbox"/> APORS
<input checked="" type="checkbox"/> All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
<input checked="" type="checkbox"/> All reports regarding outstanding permits
<b>Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.</b>

## Cost Space Requirements

Provide in the following format, the **Departmental Gross Square Feet (DGSF)** or the **Building Gross Square Feet (BGSF)** and cost. The type of gross square footage either **DGSF** or **BGSF** must be identified. The sum of the department costs **MUST** equal the total estimated project costs. Indicate if any space is being reallocated for a different purpose. Include outside wall measurements plus the department's or area's portion of the surrounding circulation space. **Explain the use of any vacated space.**

Dept. / Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
<b>REVIEWABLE</b>							
Medical Surgical							
Intensive Care							
Diagnostic Radiology							
MRI							
Total Clinical							
<b>NON REVIEWABLE</b>							
Administrative							
Parking							
Gift Shop							
Total Non-clinical							
<b>TOTAL</b>							
APPEND DOCUMENTATION AS <u>ATTACHMENT 9</u> , IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.							

**Facility Bed Capacity and Utilization**

Complete the following chart, as applicable. Complete a separate chart for each facility that is a part of the project and insert the chart after this page. Provide the existing bed capacity and utilization data for the latest **Calendar Year for which data is available**. Include **observation days in the patient day totals for each bed service**. Any bed capacity discrepancy from the Inventory will result in the application being deemed **incomplete**.

FACILITY NAME: OSF St. Joseph Medical Center		CITY: Bloomington, IL			
REPORTING PERIOD DATES:                      From: 01/01/2016                      to: 12/31/2016					
Category of Service	Authorized Beds	Admissions	Patient Days	Bed Changes	Proposed Beds
Medical/Surgical	95	5085	20697	0	95
Obstetrics	12	782	1724	0	12
Pediatrics	16	9	14	0	16
Intensive Care	14	471	1666	0	14
Comprehensive Physical Rehabilitation					
Acute/Chronic Mental Illness					
Neonatal Intensive Care					
General Long Term Care	12	225	1932	0	12
Specialized Long Term Care					
Long Term Acute Care					
Other ((identify))					
TOTALS:	149	6572	26033	0	149



**CERTIFICATION**

The Application must be signed by the authorized representatives of the applicant entity. Authorized representatives are:

- o in the case of a corporation, any two of its officers or members of its Board of Directors;
- o in the case of a limited liability company, any two of its managers or members (or the sole manager or member when two or more managers or members do not exist);
- o in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- o in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- o in the case of a sole proprietor, the individual that is the proprietor.

This Application is filed on the behalf of OSF Healthcare System\* in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this Application on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the fee required for this application is sent herewith or will be paid upon request.

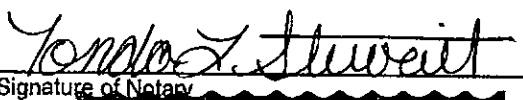
  
SIGNATURE

Kevin Schoepfle  
PRINTED NAME

Chief Executive Officer  
PRINTED TITLE

Notarization:

Subscribed and sworn to before me  
this 29<sup>th</sup> day of September, 20 17

  
Signature of Notary

Seal

OFFICIAL SEAL  
TONDA L. STEWART  
Notary Public - State of Illinois  
My Commission Expires 8/26/2020

\*Insert the EXACT legal name of the applicant

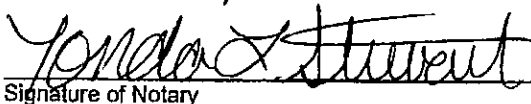
  
SIGNATURE

Chad Boore  
PRINTED NAME

Chief Executive Officer Eastern Region  
PRINTED TITLE

Notarization:

Subscribed and sworn to before me  
this 28<sup>th</sup> day of September, 20 17

  
Signature of Notary

Seal

OFFICIAL SEAL  
TONDA L. STEWART  
Notary Public - State of Illinois  
My Commission Expires 8/26/2020

**SECTION III. BACKGROUND, PURPOSE OF THE PROJECT, AND ALTERNATIVES - INFORMATION REQUIREMENTS**

This Section is applicable to all projects except those that are solely for discontinuation with no project costs.

**Background**

READ THE REVIEW CRITERION and provide the following required information:

**BACKGROUND OF APPLICANT**

1. A listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable.
2. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant during the three years prior to the filing of the application.
3. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. **Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.**
4. If, during a given calendar year, an applicant submits more than one application for permit, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion. In such instances, the applicant shall attest that the information was previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant is able to submit amendments to previously submitted information, as needed, to update and/or clarify data.

**APPEND DOCUMENTATION AS ATTACHMENT 11, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-4) MUST BE IDENTIFIED IN ATTACHMENT 11.**

**Criterion 1110.230 – Purpose of the Project, and Alternatives****PURPOSE OF PROJECT**

1. Document that the project will provide health services that improve the health care or well-being of the market area population to be served.
2. Define the planning area or market area, or other relevant area, per the applicant's definition.
3. Identify the existing problems or issues that need to be addressed as applicable and appropriate for the project.
4. Cite the sources of the documentation.
5. Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being.
6. Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals as appropriate.

For projects involving modernization, describe the conditions being upgraded, if any. For facility projects, include statements of the age and condition of the project site, as well as regulatory citations, if any. For equipment being replaced, include repair and maintenance records.

**NOTE: Information regarding the "Purpose of the Project" will be included in the State Board Staff Report. APPEND DOCUMENTATION AS ATTACHMENT 12, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-6) MUST BE IDENTIFIED IN ATTACHMENT 12.**

**ALTERNATIVES**

- 1) Identify **ALL** of the alternatives to the proposed project:

Alternative options **must** include:

- A) Proposing a project of greater or lesser scope and cost;
  - B) Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes;
  - C) Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and
  - D) Provide the reasons why the chosen alternative was selected.
- 2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of total costs, patient access, quality and financial benefits in both the short-term (within one to three years after project completion) and long-term. This may vary by project or situation. **FOR EVERY ALTERNATIVE IDENTIFIED, THE TOTAL PROJECT COST AND THE REASONS WHY THE ALTERNATIVE WAS REJECTED MUST BE PROVIDED.**
- 3) The applicant shall provide empirical evidence, including quantified outcome data that verifies improved quality of care, as available.

**APPEND DOCUMENTATION AS ATTACHMENT 13, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

**SECTION IV. PROJECT SCOPE, UTILIZATION, AND UNFINISHED/SHELL SPACE****Criterion 1110.234 - Project Scope, Utilization, and Unfinished/Shell Space**

READ THE REVIEW CRITERION and provide the following information:

**SIZE OF PROJECT:**

1. Document that the amount of physical space proposed for the proposed project is necessary and not excessive. **This must be a narrative and it shall include the basis used for determining the space and the methodology applied.**
2. If the gross square footage exceeds the BGSF/DGSF standards in Appendix B, justify the discrepancy by documenting one of the following:
  - a. Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies and certified by the facility's Medical Director.
  - b. The existing facility's physical configuration has constraints or impediments and requires an architectural design that delineates the constraints or impediments.
  - c. The project involves the conversion of existing space that results in excess square footage.
  - d. Additional space is mandated by governmental or certification agency requirements that were not in existence when Appendix B standards were adopted.

**Provide a narrative for any discrepancies from the State Standard. A table must be provided in the following format with Attachment 14.**

DEPARTMENT/SERVICE	PROPOSED BGSF/DGSF	SIZE OF PROJECT STATE STANDARD	DIFFERENCE	MET STANDARD?

APPEND DOCUMENTATION AS **ATTACHMENT 14**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

**PROJECT SERVICES UTILIZATION:**

**This criterion is applicable only to projects or portions of projects that involve services, functions or equipment for which HFSRB has established utilization standards or occupancy targets in 77 Ill. Adm. Code 1100.**

**Document that in the second year of operation, the annual utilization of the service or equipment shall meet or exceed the utilization standards specified in 1110.Appendix B. A narrative of the rationale that supports the projections must be provided.**

**A table must be provided in the following format with Attachment 15.**

DEPT./ SERVICE	UTILIZATION		STATE STANDARD	MEET STANDARD?
	HISTORICAL UTILIZATION (PATIENT DAYS) (TREATMENTS) ETC.	PROJECTED UTILIZATION		
YEAR 1				
YEAR 2				

APPEND DOCUMENTATION AS **ATTACHMENT 15**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

**UNFINISHED OR SHELL SPACE:**Provide the following information: **NOT APPLICABLE**

1. Total gross square footage (GSF) of the proposed shell space.
2. The anticipated use of the shell space, specifying the proposed GSF to be allocated to each department, area or function.
3. Evidence that the shell space is being constructed due to:
  - a. Requirements of governmental or certification agencies; or
  - b. Experienced increases in the historical occupancy or utilization of those areas proposed to occupy the shell space.
4. Provide:
  - a. Historical utilization for the area for the latest five-year period for which data is available; and
  - b. Based upon the average annual percentage increase for that period, projections of future utilization of the area through the anticipated date when the shell space will be placed into operation.

APPEND DOCUMENTATION AS ATTACHMENT 16, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**ASSURANCES:**Submit the following: **N/A**

1. Verification that the applicant will submit to HFSRB a CON application to develop and utilize the shell space, regardless of the capital thresholds in effect at the time or the categories of service involved.
2. The estimated date by which the subsequent CON application (to develop and utilize the subject shell space) will be submitted; and
3. The anticipated date when the shell space will be completed and placed into operation.

APPEND DOCUMENTATION AS ATTACHMENT 17, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.APPEND DOCUMENTATION AS ATTACHMENT 23, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

**M. Criterion 1110.3030 - Clinical Service Areas Other than Categories of Service**

1. Applicants proposing to establish, expand and/or modernize Clinical Service Areas Other than categories of service must submit the following information:

2. Indicate changes by Service: \_\_\_\_\_ Indicate # of key room changes by action(s): \_\_\_\_\_

Service	# Existing Key Rooms	# Proposed Key Rooms
<input checked="" type="checkbox"/> Nuclear Medicine*	1	1
<input checked="" type="checkbox"/> Vascular Ultrasound*	2	2
<input checked="" type="checkbox"/> Echocardiography	1	1
<input checked="" type="checkbox"/> General Radiology*	1	1
<input checked="" type="checkbox"/> Lab	1	1
<input checked="" type="checkbox"/> Cardiac Rehab	1	1
<input checked="" type="checkbox"/> OCC Health	1	1

3. READ the applicable review criteria outlined below and **submit the required documentation for the criteria:**

Project Type	Required Review Criteria
New Services or Facility or Equipment	(c) - Need Determination - Establishment
Service Modernization	(d)(1) - Deteriorated Facilities
	AND/OR
	(d)(2) - Necessary Expansion
	PLUS
	(d)(3)(A) - Utilization - Major Medical Equipment
	OR
	(d)(3)(B) - Utilization - Service or Facility
APPEND DOCUMENTATION AS <u>ATTACHMENT 31</u> , IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

\*The only clinical service areas other than categories of service for which the Board has standards are nuclear medicine, vascular ultrasound and general radiology.

The following Sections **DO NOT** need to be addressed by the applicants or co-applicants responsible for funding or guaranteeing the funding of the project if the applicant has a bond rating of A- or better from Fitch's or Standard and Poor's rating agencies, or A3 or better from Moody's (the rating shall be affirmed within the latest 18-month period prior to the submittal of the application):

- Section 1120.120 Availability of Funds – Review Criteria
- Section 1120.130 Financial Viability – Review Criteria
- Section 1120.140 Economic Feasibility – Review Criteria, subsection (a)

## VII. 1120.120 - AVAILABILITY OF FUNDS

The applicant shall document that financial resources shall be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources from the following sources, as applicable [Indicate the dollar amount to be provided from the following sources]:

	a)	Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to:
	1)	the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and
	2)	interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;
	b)	Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.
	c)	Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;
	d)	Debt – a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including:
	1)	For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated;
	2)	For revenue bonds, proof of the feasibility of securing the specified amount and interest rate;
	3)	For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.;
	4)	For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment;
	5)	For any option to lease, a copy of the option, including all terms and conditions.

_____	e) Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent;
_____	f) Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
_____	g) All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
	<b>TOTAL FUNDS AVAILABLE</b>

APPEND DOCUMENTATION AS ATTACHMENT 34, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.



**SECTION VIII. 1120.130 - FINANCIAL VIABILITY N/A - WAIVER**

All the applicants and co-applicants shall be identified, specifying their roles in the project funding or guaranteeing the funding (sole responsibility or shared) and percentage of participation in that funding.

**Financial Viability Waiver**

The applicant is not required to submit financial viability ratios if:

1. "A" Bond rating or better
2. All of the projects capital expenditures are completely funded through internal sources
3. The applicant's current debt financing or projected debt financing is insured or anticipated to be insured by MBIA (Municipal Bond Insurance Association Inc.) or equivalent
4. The applicant provides a third party surety bond or performance bond letter of credit from an A rated guarantor.

See Section 1120.130 Financial Waiver for information to be provided

APPEND DOCUMENTATION AS **ATTACHMENT 35**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

The applicant or co-applicant that is responsible for funding or guaranteeing funding of the project shall provide viability ratios for the latest three years for which **audited financial statements are available and for the first full fiscal year at target utilization, but no more than two years following project completion.** When the applicant's facility does not have facility specific financial statements and the facility is a member of a health care system that has combined or consolidated financial statements, the system's viability ratios shall be provided. If the health care system includes one or more hospitals, the system's viability ratios shall be evaluated for conformance with the applicable hospital standards.

	Historical 3 Years			Projected
<b>Enter Historical and/or Projected Years:</b>				
Current Ratio				
Net Margin Percentage				
Percent Debt to Total Capitalization		N	/	A
Projected Debt Service Coverage				
Days Cash on Hand				
Cushion Ratio				

Provide the methodology and worksheets utilized in determining the ratios detailing the calculation and applicable line item amounts from the financial statements. Complete a separate table for each co-applicant and provide worksheets for each.

**Variance**

Applicants not in compliance with any of the viability ratios shall document that another organization, public or private, shall assume the legal responsibility to meet the debt obligations should the applicant default.

APPEND DOCUMENTATION AS **ATTACHMENT 36**, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

**SECTION IX. 1120.140 - ECONOMIC FEASIBILITY**

This section is applicable to all projects subject to Part 1120.

**A. Reasonableness of Financing Arrangements**

The applicant shall document the reasonableness of financing arrangements by submitting a notarized statement signed by an authorized representative that attests to one of the following:

- 1) That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or
- 2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:
  - A) A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or
  - B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

**B. Conditions of Debt Financing**

This criterion is applicable only to projects that involve debt financing. The applicant shall document that the conditions of debt financing are reasonable by submitting a notarized statement signed by an authorized representative that attests to the following, as applicable:

- 1) That the selected form of debt financing for the project will be at the lowest net cost available;
- 2) That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;
- 3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

**C. Reasonableness of Project and Related Costs**

Read the criterion and provide the following:

1. Identify each department or area impacted by the proposed project and provide a cost and square footage allocation for new construction and/or modernization using the following format (insert after this page).

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
Department (list below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	Mod.	Gross Sq. Ft. New	Circ.*	Gross Sq. Ft. Mod.	Circ.*	Const. \$ (A x C)	Mod. \$ (B x E)	
Contingency									
<b>TOTALS</b>									

\* Include the percentage (%) of space for circulation

**D. Projected Operating Costs – N/A – Outpatient services project**

The applicant shall provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the first full fiscal year at target utilization but no more than two years following project completion. Direct cost means the fully allocated costs of salaries, benefits and supplies for the service.

**E. Total Effect of the Project on Capital Costs – N/A – Outpatient services project**

The applicant shall provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year at target utilization but no more than two years following project completion.

**APPEND DOCUMENTATION AS ATTACHMENT 37, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

## SECTION X. SAFETY NET IMPACT STATEMENT – N/A

**SAFETY NET IMPACT STATEMENT that describes all of the following must be submitted for ALL SUBSTANTIVE PROJECTS AND PROJECTS TO DISCONTINUE STATE-OWNED HEALTH CARE FACILITIES [20 ILCS 3960/5.4]:**

1. The project's material impact, if any, on essential safety net services in the community, to the extent that it is feasible for an applicant to have such knowledge.
2. The project's impact on the ability of another provider or health care system to cross-subsidize safety net services, if reasonably known to the applicant.
3. How the discontinuation of a facility or service might impact the remaining safety net providers in a given community, if reasonably known by the applicant.

**Safety Net Impact Statements shall also include all of the following:**

1. For the 3 fiscal years prior to the application, a certification describing the amount of charity care provided by the applicant. The amount calculated by hospital applicants shall be in accordance with the reporting requirements for charity care reporting in the Illinois Community Benefits Act. Non-hospital applicants shall report charity care, at cost, in accordance with an appropriate methodology specified by the Board.
2. For the 3 fiscal years prior to the application, a certification of the amount of care provided to Medicaid patients. Hospital and non-hospital applicants shall provide Medicaid information in a manner consistent with the information reported each year to the Illinois Department of Public Health regarding "Inpatients and Outpatients Served by Payor Source" and "Inpatient and Outpatient Net Revenue by Payor Source" as required by the Board under Section 13 of this Act and published in the Annual Hospital Profile.

3. Any information the applicant believes is directly relevant to safety net services, including information

regarding teaching, research, and any other service.

A table in the following format must be provided as part of Attachment 40.

Safety Net Information per PA 96-0031			
CHARITY CARE			
Charity (# of patients)	Year	Year	Year
Inpatient			
Outpatient			
<b>Total</b>			
<b>Charity (cost in dollars)</b>			
Inpatient			
Outpatient			
<b>Total</b>			
MEDICAID			
Medicaid (# of patients)	Year	Year	Year
Inpatient			
Outpatient			
<b>Total</b>			
<b>Medicaid (revenue)</b>			
Inpatient			
Outpatient			
<b>Total</b>			

APPEND DOCUMENTATION AS ATTACHMENT 38, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

**SECTION XI. CHARITY CARE INFORMATION**

Charity Care information **MUST** be furnished for **ALL** projects [1120.20(c)].

1. All applicants and co-applicants shall indicate the amount of charity care for the latest three **audited** fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.
2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.
3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

Charity care" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer (20 ILCS 3960/3). Charity Care **must** be provided at cost.

A table in the following format must be provided for all facilities as part of Attachment 41.

CHARITY CARE			
	Year	Year	Year
Net Patient Revenue			
Amount of Charity Care (charges)			
Cost of Charity Care			

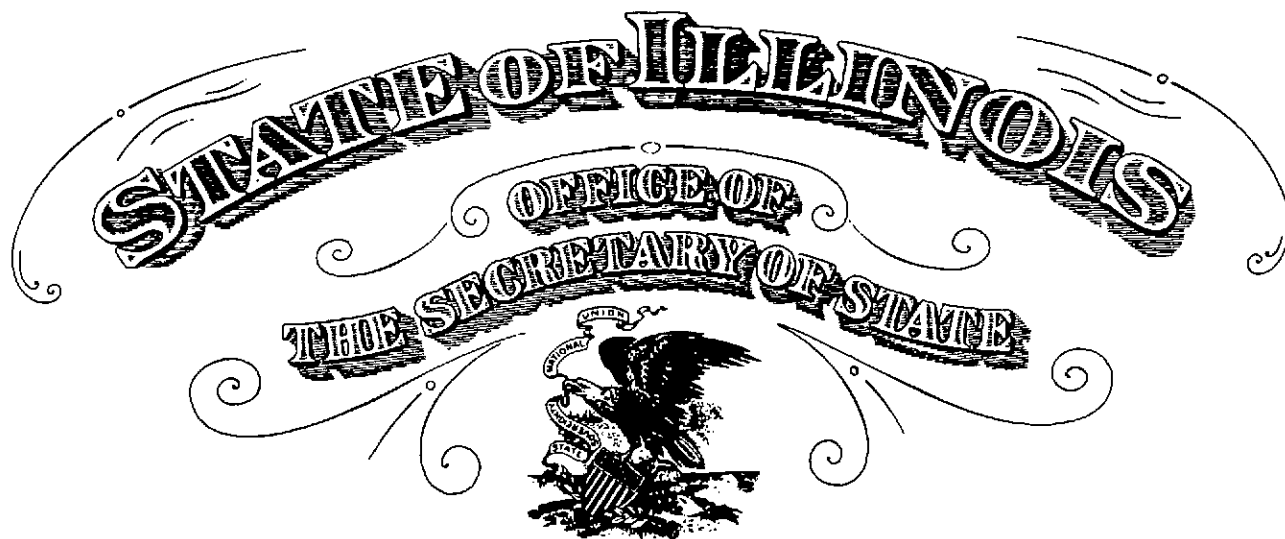
APPEND DOCUMENTATION AS **ATTACHMENT 39**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

After paginating the entire completed application indicate, in the chart below, the page numbers for the included attachments:

INDEX OF ATTACHMENTS		
ATTACHMENT NO.		PAGES
1	Applicant Identification including Certificate of Good Standing	23-24
2	Site Ownership	25-26
3	Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	27-28
4	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.	29
5	Flood Plain Requirements	30-32
6	Historic Preservation Act Requirements	33-34
7	Project and Sources of Funds Itemization	35-37
8	Financial Commitment Document if required	
9	Cost Space Requirements	38
10	Discontinuation	
11	Background of the Applicant	39-51
12	Purpose of the Project	52-72
13	Alternatives to the Project	73-74
14	Size of the Project	75
15	Project Service Utilization	76
16	Unfinished or Shell Space	
17	Assurances for Unfinished/Shell Space	
18	Master Design Project	
	<b>Service Specific:</b>	
19	Medical Surgical Pediatrics, Obstetrics, ICU	
20	Comprehensive Physical Rehabilitation	
21	Acute Mental Illness	
22	Open Heart Surgery	
23	Cardiac Catheterization	
24	In-Center Hemodialysis	
25	Non-Hospital Based Ambulatory Surgery	
26	Selected Organ Transplantation	
27	Kidney Transplantation	
28	Subacute Care Hospital Model	
29	Community-Based Residential Rehabilitation Center	
30	Long Term Acute Care Hospital	
31	Clinical Service Areas Other than Categories of Service	77
32	Freestanding Emergency Center Medical Services	
33	Birth Center	
	<b>Financial and Economic Feasibility:</b>	
34	Availability of Funds	78-86
35	Financial Waiver	78-86
36	Financial Viability	78-86
37	Economic Feasibility	87-88
38	Safety Net Impact Statement	
39	Charity Care Information	89

## **Certificate of Good Standing**

See attached for applicant OSF Healthcare System.



***To all to whom these Presents Shall Come, Greeting:***

*I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that*

OSF HEALTHCARE SYSTEM, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON JANUARY 02, 1880, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



***In Testimony Whereof, I hereto set  
my hand and cause to be affixed the Great Seal of  
the State of Illinois, this 4TH  
day of OCTOBER A.D. 2017 .***

*Jesse White*

SECRETARY OF STATE

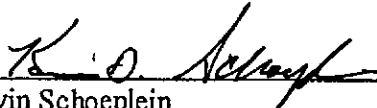


## **Proof of Site Ownership**

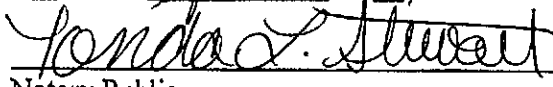
See attached.

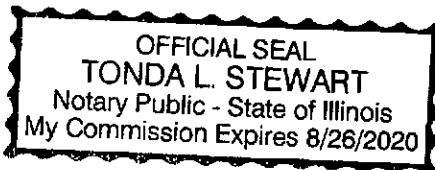
**Attachment 2**

I, Kevin Schoeplein, do hereby attest the site of the OSF St. Joseph Medical Center Office Building, which is located on the Hospital's campus, is owned by OSF Healthcare System.

  
Kevin Schoeplein  
CEO  
OSF Healthcare System

Subscribed and sworn to before me this  
29<sup>th</sup> day of September, 2017

  
Notary Public



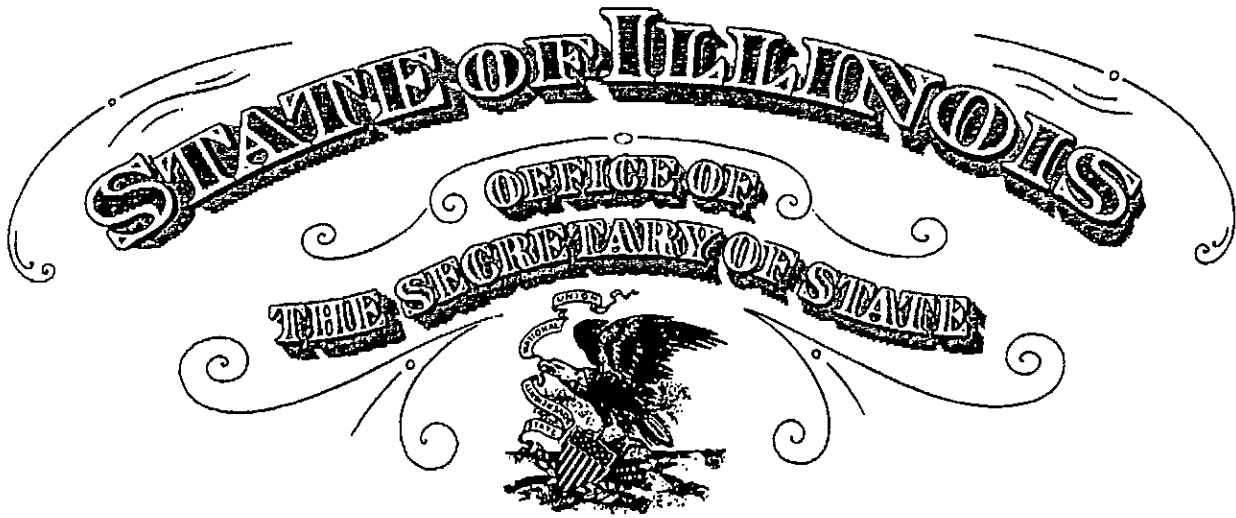
Attachment 2

**Operating Entity  
Certificate of Good Standing**

See attached.

OSF St. Joseph Medical Center, Bloomington is not separately incorporated, and as a result the only relevant good standing certificate is that of OSF Healthcare System.

**Attachment 3**



***To all to whom these Presents Shall Come, Greeting:***

*I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that*

OSF HEALTHCARE SYSTEM, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON JANUARY 02, 1880, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



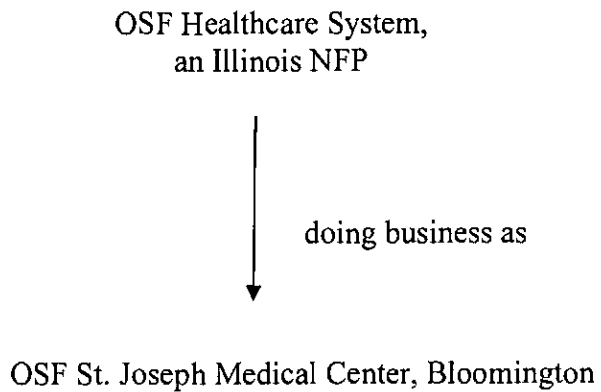
***In Testimony Whereof, I hereto set  
my hand and cause to be affixed the Great Seal of  
the State of Illinois, this 19TH  
day of OCTOBER A.D. 2016 .***

*Jesse White*

SECRETARY OF STATE

**Organization Chart  
(for CON purpose)**


OSF Healthcare System  
d/b/a OSF St. Joseph Medical Center, Bloomington

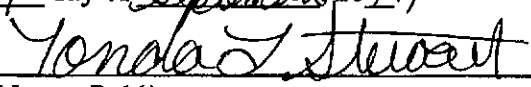


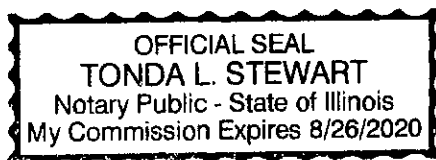
## **Flood Plain Map**

See attached.

I, Kevin Schoeplein, do hereby attest that the property located at 2200 E. Washington, Bloomington, IL where OSF St. Joseph Medical Center, Bloomington is located is not in a flood plain, to the best of my knowledge.

  
\_\_\_\_\_  
Kevin Schoeplein  
CEO  
OSF Healthcare System

Subscribed and sworn to before me this  
29<sup>th</sup> day of September, 2017  
  
\_\_\_\_\_  
Notary Public







## Historic Preservation Agency Letter

See attached.



## Illinois Department of Natural Resources

One Natural Resources Way Springfield, Illinois 62702-1271  
www.dnr.illinois.gov

Bruce Rauner, Governor  
Wayne A. Rosenthal, Director

McLean County  
Bloomington  
2200 East Washington  
IHFSRB  
New construction, medical office building - OSF Healthcare System

PLEASE REFER TO: SHPO LOG #001082917

September 15, 2017

Clare Connor  
McDermott Will & Emery  
444 W. Lake St., Suite 4000  
Chicago, IL 60606-0029

Dear Ms. Connor:

The Illinois State Historic Preservation Office is required by the Illinois State Agency Historic Resources Preservation Act (20 ILCS 3420, as amended, 17 IAC 4180) to review all state funded, permitted or licensed undertakings for their effect on cultural resources. Pursuant to this, we have received information regarding the referenced project for our comment.

Our staff has reviewed the specifications under the state law and assessed the impact of the project as submitted by your office. We have determined, based on the available information, that no significant historic, architectural or archaeological resources are located within the proposed project area.

According to the information you have provided concerning your proposed project, apparently there is no federal involvement in your project. However, please note that the state law is less restrictive than the federal cultural resource laws concerning archaeology. If your project will use federal loans or grants, need federal agency permits, use federal property, or involve assistance from a federal agency, then your project must be reviewed under the National Historic Preservation Act of 1966, as amended. Please notify us immediately if such is the case.

This clearance remains in effect for two (2) years from date of issuance. It does not pertain to any discovery during construction, nor is it a clearance for purposes of the IL Human Skeletal Remains Protection Act (20 ILCS 3440).

Please retain this letter in your files as evidence of compliance with the Illinois State Agency Historic Resources Preservation Act.

If further assistance is needed please contact Joe Phillippe at 217/785-1279 or joe.phillippe@illinois.gov.

Sincerely,

Rachel Leibowitz, Ph.D.  
Deputy State Historic  
Preservation Officer

### Itemization of Project Costs

Construction: See attached, \$17,180,000

Contingencies: \$1,469,711

Equipment: See attached, plus \$650,000 general non-clinical furniture and \$600,000.00 IT equipment = \$3,343,100

Consulting: \$100,000 CON fees

Other Costs To Be Capitalized: \$175,000 Art Work, Landscape, Signage

Preplaning: \$4,000 (roadways/entrance planning)

Soil: \$9,000 (soil bearings)

A&E: \$1,192,138 (design work and planning)

Bond Expense: \$254,000

Net Interest: \$1,253,000

Total cost: \$24,979,949

## Equipment Schedule

## COMMON

Item #	Equipment name	Length	Width	Height	Total Qty.	No. Reloc.	Project Needed	Unit Cost	Capital Avoidance	Project Cost	Location	Remarks
001	Standard Exam Table	78"	24"	32"	52	0	52	\$1,100	\$0	\$57,200	Each Exam Room	Midmark - Ritter 203
002	Bariatric Exam Table	78"	36"	32"	6	0	6	\$12,245	\$0	\$73,470	Each Bariatric Exam Room	Midmark - Ritter 244
003	Trash Cart	58"	28"	42"	5	0	5	\$1,000	\$0	\$5,000	Soiled Rooms	Rubbermaid 1011 Tilt
004	Code Cart	25"	34"	46"	2	0	2	\$14,500	\$0	\$29,000	Stress Test; Cardiology Clinic	Zoll-R; Armstrong PAR-30
005	EKG Cart	24"	22"	55"	4	2	2	\$1,200	\$2,400	\$2,400	Cardiology Clinic/Testing	Midmark iQcart
006	Patient Table	82"	30"	22-38"	6	0	6	\$5,750	\$0	\$34,500	Cardiac Testing	Oakwood Echo Table (600# capacity)
007	Recessed Floor Scale	42"	36"	36"	5	0	5	\$5,840	\$0	\$29,200	Each Weigh-in Location	Oetec Solace
008	Standard Floor Scale	24"	20"	54"	4	3	1	\$1,680	\$5,040	\$1,680	Each Weigh-in Location	Scale-Tronix 5002
009	Treatment Table	78"	26"	18"	2	0	2	\$14,300	\$0	\$28,600	Each Treatment Room	Midmark 630
010	UC Refrigerator (Meds)	24"	26"	34"	2	0	2	\$4,000	\$0	\$8,000	Cardiac Meds; Prompt Care Team Work area	Follett w/ temp. recording
011	Refrigerator (Meds)	30"	30"	80"	3	0	3	\$4,000	\$0	\$12,000	Meds Rooms	Follett w/ temp. recording
012	UC Freezer (Meds)	24"	26"	34"	4	0	4	\$4,000	\$0	\$16,000	Meds Rooms	Follett w/ temp. recording
013	Refrigerator/Freezer	25"	30"	76"	5	3	2	\$900	\$2,700	\$1,800	Break Room	
014	Microwave	20"	24"	18"	5	2	3	\$250	\$500	\$750	Break Room	

## FIRST FLOOR

Item #	Equipment name	Length	Width	Height	Total Qty.	No. Reloc.	Project Needed	Unit Cost	Capital Avoidance	Project Cost	Location	Remarks
101	Audiometric Testing Booth	60"	48"	80"	1	1	0	\$15,000	\$15,000	\$0	Occ. Health Testing	Existing to be relocated
102	Vision Screener	17"	11"	8"	1	0	1	\$3,000	\$0	\$3,000	Occ. Health Testing	Honeywell Titmus V2
103	CRT Machine	48"	32"	54"	1	1	0	\$0	\$0	\$0	Occ. Health CRT Room	
104	Digital Radiographic Unit				1	0	1	\$267,000	\$0	\$267,000	General Rad. Room	GE Brivo XR 385

## SECOND FLOOR

Item #	Equipment name	Length	Width	Height	Total Qty.	No. Reloc.	Project Needed	Unit Cost	Capital Avoidance	Project Cost	Location	Remarks
201	Treadmill	60"	26"	48"	4	0	4	\$5,800	\$0	\$23,200	Cardiac Rehab	Trackmaster TMX58
202	Recumbent Stepper	73"	29"	46"	4	0	4	\$5,600	\$0	\$22,400	Cardiac Rehab	NuStep T5
203	Weight Machine	36"	36"	54"	4	0	4	\$3,500	\$0	\$14,000	Cardiac Rehab	
204	Arm Ergometer	22"	19"	22"	4	0	4	\$2,000	\$0	\$8,000	Cardiac Rehab	Monark 881E
205	Echo Machine	32"	29"	59"	1	0	1	\$210,000	\$0	\$210,000	Echo 1; Echo 2 (Future)	GE VIVID E95
206	Ultrasound Machine	32"	29"	59"	2	2	0	\$51,000	\$102,000	\$0	Vascular Ultrasound	GE VIVID T8
207	Ultrasound Machine	32"	29"	59"	1	0	1	\$210,000	\$0	\$210,000	Stress/Treadmill	GE VIVID E95
208	Stress Test w/ Treadmill				1	0	1	\$36,000	\$0	\$36,000	Stress/Treadmill	GE Case + T2000
208	Ultrasound Machine				0	0	0	\$36,000	\$0	\$0	Vas./Vein (Future)	T8D
209	"Flow" Machine				0	0	0	\$0	\$0	\$0	Vas./Vein (Future)	T80
210	Nuclear SPECT CTCamera	191"	79"	82"	1	0	1	\$950,000	\$0	\$950,000	Nuclear Camera	GE Optima 640

## THIRD FLOOR

Item #	Equipment name	Length	Width	Height	Total Qty.	No. Reloc.	Project Needed	Unit Cost	Capital Avoidance	Project Cost	Location	Remarks
301	Urine Analyzer	8.5"	6.25"	3"	3	0	3	\$5,100	\$0	\$15,300	Drug Test; PDC/Work; Lab	Alere Triage Meter Pro
302	Blood Analyzer	9.25"	3.25"	3"	2	0	2	\$12,000	\$0	\$24,000	POC/Work; Lab	Abbott i-STAT w/ base
303	Centrifuge	20"	18"	13"	1	0	1	\$2,000	\$0	\$2,000	Lab	Eppendorf 5804
304	Micro-Centrifuge	14"	10.5"	9"	1	0	1	\$2,400	\$0	\$2,400	Lab	Helmer Mikro 185
305	Label Printer				2	0	2	\$500	\$0	\$1,000	Lab	T80
306	Standard Draw Chair	26"	31"	36"	2	0	2	\$800	\$0	\$1,600	Blood Draw	Clinton 66010 Lab X
307	Bariatric Draw Chair	26"	46"	36"	1	1	0	\$1,000	\$1,000	\$0	Bariatric Blood Draw	Clinton 66000 Lab X
308	UC Refrigerator (Lab)	28.5"	24"	32"	1	0	1	\$3,600	\$0	\$3,600	Lab	Helmer ILR 104
	Totals								\$118,000	\$2,093,100		

## Bloomington MOB

Itemized Construction Cost Estimate			10/2/2017
<b>SITE</b>			
	Sitework:	\$748,000	
<b>GENERAL</b>			
	Concrete:	\$405,800	
	Steel:	\$1,339,450	
	Masonry:	\$217,300	
	Roofing:	\$259,200	
	Exterior Walls:	\$1,636,800	
	Exterior Openings:	\$33,250	
	Interior Walls:	\$1,137,500	
	Interior Openings:	\$146,300	
	Ceilings:	\$265,300	
	Finishes:	\$960,400	
	Stairs/Elevators:	\$354,900	
	Casework/Accessories:	\$551,270	
<b>MECHANICAL</b>			
	Plumbing:	\$471,100	
	Fire Protection:	\$202,300	
	HVAC:	\$3,042,500	
<b>ELECTRICAL</b>			
	Electrical:	\$1,770,800	
	<b>SUBTOTAL:</b>	<b>\$13,542,170</b>	
	General Conditions/Overhead/Profit/Insurance/Bond: (15%)	\$2,031,326	
	<b>SUBTOTAL:</b>	<b>\$15,573,496</b>	
	Design Contingency: (5%)	\$778,675	
	<b>SUBTOTAL:</b>	<b>\$16,352,171</b>	
	Phasing: (2.5%)	\$408,804	
	<b>SUBTOTAL:</b>	<b>\$16,760,975</b>	
	Escalation to Midpoint Construction: (2.5%)	\$419,025	
	<b>TOTAL:</b>	<b>\$17,180,000</b>	

### Cost Space Requirements

Dept/Area	Cost	GSF		Amount of Proposed total GSF that is:			
		Exist	Prop.	New Cust.	Mod	As Is	Vacated
CLINICAL	\$9,954,191.20						
General Radiology	\$1,992,638.00		677	677			
Ultrasound	\$1,233,561.20		553	553			
Nuclear Medicine	\$2,000,277		804	804			
Occ. Health	\$2,248,077		4,824	4,824			
Cardiac Rehab	\$1,087,000.00		1,870	1,870			
Cardiac Testing	\$1,392,638.00		1,673	1,673			
NON-CLINICAL	\$15,025,757.80						
Physician Offices	\$10,266,935		24,112	24,112			
Lobby, Administrative, Circulation, Elevator, Materials Management & Mechanical	\$4,758,822.80		18,191	18,191			
TOTAL PROJECT	\$24,979,949		52,704	52,704			


## Background

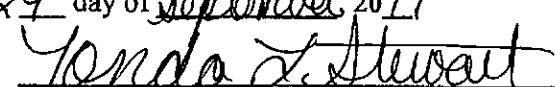
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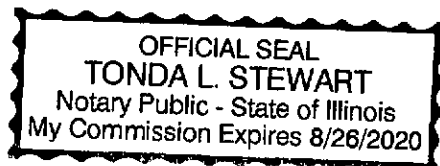
Attached are copies of the licenses/certifications for other hospitals owned by the applicant OSF Healthcare System.

No adverse action, as defined by Illinois Health Facilities and Services Review Board rules, has been taken against the facilities over the past three (3) years.

HFSRB and IDPH are authorized to access documents necessary to verify information submitted, including official, licensing or certification records of Illinois or other states or records of certification agencies.

  
Kevin Schoepfle, CEO  
OSF Healthcare System

Subscribed and sworn to before me this  
29<sup>th</sup> day of September, 2017  
  
Tonda L. Stewart  
Notary Public



Attachment 11



**Illinois Department of  
PUBLIC HEALTH**

HF112030

**LICENSE, PERMIT, CERTIFICATION, REGISTRATION**

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

**Nirav D. Shah, M.D., J.D.**  
Director

Issued under the authority of  
the Illinois Department of  
Public Health

EXPIRATION DATE <b>12/31/2017</b>	CATEGORY	ID NUMBER <b>0002535</b>
<b>General Hospital</b>		
<b>Effective: 01/01/2017</b>		

**St. Joseph Medical Center  
2200 East Washington Street  
Bloomington, IL 61701**

The face of this license has a colored background. Printed by Authority of the State of Illinois - P.O. #4012320 10M 3/12

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CONSPICUOUS PLACE

Exp. Date 12/31/2017

Lic Number 0002535

Date Printed 10/26/2016

St. Joseph Medical Center

2200 East Washington Street  
Bloomington, IL 61701

FEE RECEIPT NO.



## **OSF Healthcare System List of Facilities in Illinois**

### **OSF HealthCare Holy Family Medical Center**

1000 W. Harlem Avenue  
Monmouth, Illinois 61462

### **OSF HealthCare Saint Francis Medical Center**

530 NE Glen Oak Avenue  
Peoria, IL 61637

### **OSF HealthCare Saint Anthony's Health Center**

One Saint Anthony's Way  
Alton, Illinois 62002-0340

### **OSF HealthCare Saint James - John W. Albrecht Medical Center**

2500 W. Reynolds Street  
Pontiac, Illinois 61764

### **OSF HealthCare St. Joseph Medical Center**

2200 E. Washington Street  
Bloomington, Illinois 61701

### **OSF HealthCare Saint Anthony Medical Center**

5666 E. State Street  
Rockford, IL 61108-2472

### **OSF HealthCare Saint Luke Medical Center**

1051 West South Street  
Kewanee, IL 61443

### **OSF HealthCare Saint Elizabeth Medical Center**

1100 E. Norris Drive  
Ottawa, Illinois 61350

### **OSF HealthCare St. Mary Medical Center**

3333 N. Seminary Street  
Galesburg, Illinois 61401

### **OSF HealthCare Saint Paul Medical Center**

1401 E. 12th Street  
Mendota, Illinois 61342



**Illinois Department of  
PUBLIC HEALTH**

HF112030

**LICENSE, PERMIT, CERTIFICATION, REGISTRATION**

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Nirav D. Shah, M.D., J.D.  
Director

Issued under the authority of  
the Illinois Department of  
Public Health

EXPIRATION DATE	CATEGORY	L.D. NUMBER
12/31/2017		0002535
General Hospital		
Effective: 01/01/2017		

St. Joseph Medical Center  
2200 East Washington Street  
Bloomington, IL 61701

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Exp. Date 12/31/2017

Lic Number 0002535

Date Printed 10/26/2016

St. Joseph Medical Center

2200 East Washington Street  
Bloomington, IL 61701

FEE RECEIPT NO.



**Illinois Department of  
PUBLIC HEALTH**

HF111995

**LICENSE, PERMIT, CERTIFICATION, REGISTRATION**

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

**Nirav D. Shah, M.D., J.D.**  
**Director**

Issued under the authority of  
the Illinois Department of  
Public Health

EXPIRATION DATE	CATEGORY	I.D. NUMBER
12/6/2017		0005819
<b>Critical Access Hospital</b>		
<b>Effective: 12/07/2016</b>		

**Mendota Community Hospital  
dba OSF Saint Paul Medical Center  
1401 East 12th Street**

**Mendota, IL 61342**

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CONSPICUOUS PLACE

Exp. Date 12/6/2017

Lic Number 0005819

Date Printed 10/26/2016

**Mendota Community Hospital  
dba OSF Saint Paul Medical Center  
1401 East 12th Street  
Mendota, IL 61342**

FEE RECEIPT NO.



**Illinois Department of  
PUBLIC HEALTH**

HF112624

**LICENSE, PERMIT, CERTIFICATION, REGISTRATION**

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

**Nirav D. Shah, M.D., J.D.**  
Director

Issued under the authority of  
the Illinois Department of  
Public Health

3/31/2018	CATEGORY	0005926
<b>Critical Access Hospital</b>		
Effective: 04/01/2017		

OSF Saint Luke Medical Center  
1051 West South Street  
P.O. Box 747  
Kewanee, IL 61443

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CONSPICUOUS PLACE

Exp. Date 3/31/2018

Lic Number 0005926

Date Printed 1/25/2017

OSF Saint Luke Medical Center  
1051 West South Street  
P.O. Box 747  
Kewanee, IL 61443

FEE RECEIPT NO.



**Illinois Department of  
PUBLIC HEALTH**

HF112770

**LICENSE, PERMIT, CERTIFICATION, REGISTRATION**

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

**Nirav D. Shah, M.D., J.D.**  
Director

Issued under the authority of  
the Illinois Department of  
Public Health

EXPIRATION DATE	CATEGORY	I.D. NUMBER
4/11/2018		0005439
<b>Critical Access Hospital</b>		
Effective: 04/12/2017		

OSF Holy Family Medical Center  
1000 West Harlem Avenue  
Monmouth, IL 61462

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**Illinois Department of  
PUBLIC HEALTH**

HF112033

**LICENSE, PERMIT, CERTIFICATION, REGISTRATION**

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**Nirav D. Shah, M.D., J.D.**  
Director

Issued under the authority of  
the Illinois Department of  
Public Health

EXPIRATION DATE	CATEGORY	IC NUMBER
12/31/2017		0002675
<b>General Hospital</b>		
<b>Effective: 01/01/2017</b>		

St. Mary Medical Center  
3333 North Seminary Street  
Galesburg, IL 61401

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CONSPICUOUS PLACE**

Exp. Date 12/31/2017

Lic Number 0002675

Date Printed 10/26/2016

St. Mary Medical Center

3333 North Seminary Street  
Galesburg, IL 61401

**FEE RECEIPT NO.**



**Illinois Department of  
PUBLIC HEALTH**

HF111629

**LICENSE, PERMIT, CERTIFICATION, REGISTRATION**

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

**Nirav D. Shah, M.D., J.D.**  
Director

Issued under the authority of  
the Illinois Department of  
Public Health

EXPIRATION DATE <b>10/31/2017</b>	CATEGORY	LD NUMBER <b>0005942</b>
<b>General Hospital</b>		
<b>Effective: 11/01/2016</b>		

OSF Saint Anthony's Health Center  
1 Saint Anthony's Way  
2nd campus at 915 East 5th street  
Alton, IL 62002

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CONSPICUOUS PLACE


Exp. Date 10/31/2017

Lic Number 0005942

Date Printed 8/29/2016

OSF Saint Anthony's Health Center  
1 Saint Anthony's Way  
2nd campus at 915 East 5th street  
Alton, IL 62002

FEE RECEIPT NO.

 **Illinois Department of** HF113298  
**PUBLIC HEALTH**

**LICENSE, PERMIT, CERTIFICATION, REGISTRATION**

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

**Nirav D. Shah, M.D., J.D.**  
**Director**

Issued under the authority of  
the Illinois Department of  
Public Health

EXPIRATION DATE <b>05/14/2018</b>	CATEGORY	I.D. NUMBER <b>0005520</b>
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**General Hospital**

**Effective: 05/15/2017**

**Ottawa Regional Hospital & Healthcare Center**  
**dba OSF Saint Elizabeth Medical Center**  
**1100 E. Norris Drive**  
**Ottawa, IL 61350**

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CONSPICUOUS PLACE

Exp. Date 05/14/2018

Lic Number 0005520

Date Printed 04/21/2017

Ottawa Regional Hospital & Healthcare  
dba OSF Saint Elizabeth Medical Cent  
1100 E. Norris Drive  
Ottawa, IL 61350

FEE RECEIPT NO.





**Illinois Department of  
PUBLIC HEALTH**

HF112025

**LICENSE, PERMIT, CERTIFICATION, REGISTRATION**

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

**Nirav D. Shah, M.D., J.D.**  
**Director**

Issued under the authority of  
the Illinois Department of  
Public Health

EXPIRATION DATE	CATEGORY	I.D. NUMBER
12/31/2017		0002253
<b>General Hospital</b>		
<b>Effective: 01/01/2017</b>		

**Saint Anthony Medical Center**  
**5666 East State Street**  
**Rockford, IL 61108**

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CONSPICUOUS PLACE

Exp. Date 12/31/2017

Lic Number 0002253

Date Printed 10/26/2016

**Saint Anthony Medical Center**

**5666 East State Street**  
**Rockford, IL 61108**

FEE RECEIPT NO.



**Illinois Department of  
PUBLIC HEALTH**

HF112029

**LICENSE, PERMIT, CERTIFICATION, REGISTRATION**

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

**Nirav D. Shah, M.D., J.D.**  
**Director**

Issued under the authority of  
the Illinois Department of  
Public Health

EXPIRATION DATE <b>12/31/2017</b>	CATEGORY	ID NUMBER <b>0002394</b>
<b>General Hospital</b>		
<b>Effective: 01/01/2017</b>		

**Saint Francis Medical Center**  
**530 North East Glen Oak Avenue**  
**Peoria, IL 61637**

The face of this license has a colored background. Printed by Authority of the State of Illinois • P.O. #4012320 10M 3/12



**Illinois Department of  
PUBLIC HEALTH**

HF112625

**LICENSE, PERMIT, CERTIFICATION, REGISTRATION**

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

**Nirav D. Shah, M.D., J.D.**  
Director

Issued under the authority of  
the Illinois Department of  
Public Health.

3/2/2018	CATEGORY	0005264
<b>General Hospital</b>		
Effective: 03/03/2017		

**Saint James Hospital**  
2500 West Reynolds Street  
Pontiac, IL 61764

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CONSPICUOUS PLACE

Exp. Date 3/2/2018

Lic Number 0005264

Date Printed 1/25/2017

**Saint James Hospital**  
2500 West Reynolds Street  
Pontiac, IL 61764

FEE RECEIPT NO.

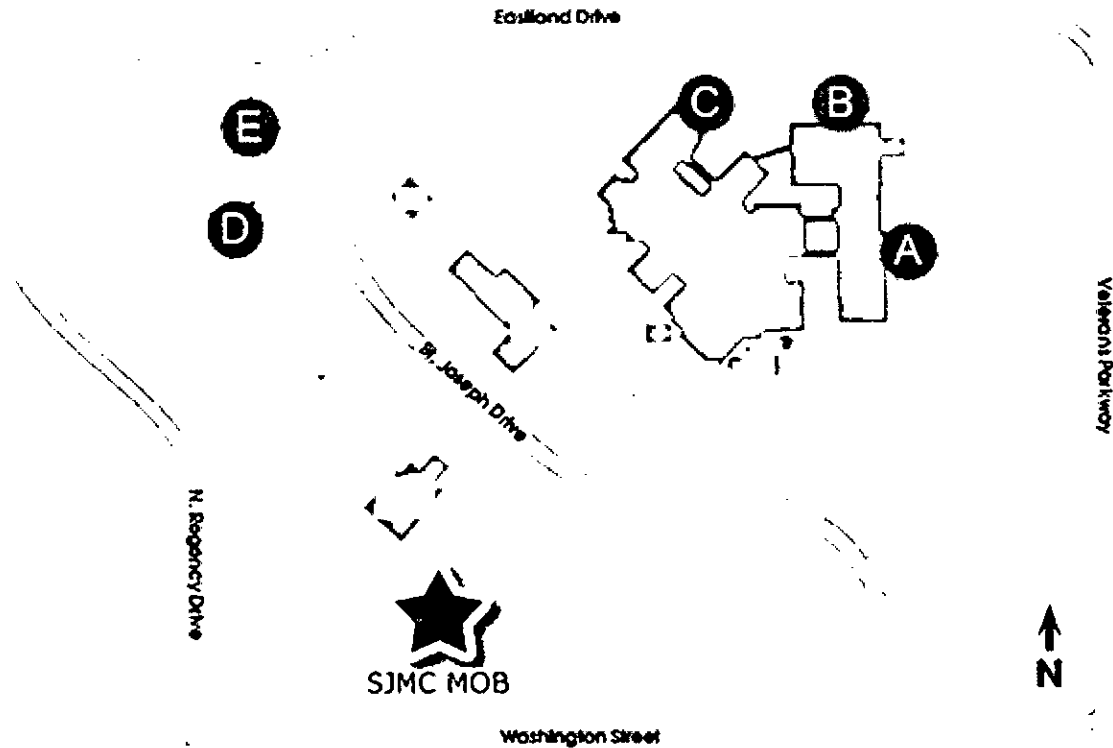
### **Purpose (1110.230)**

- 1. Document that the project will provide health services that improve the health care or well-being of the market area population to be served.*

Currently, primary care and cardiology offices and cardiology services are located in five different buildings (see attached). This project proposes consolidating into one building for better access and efficiency. It is also intended to facilitate recruitment of additional primary care physicians and cardiologists.



OSF ST. JOSEPH MEDICAL CENTER

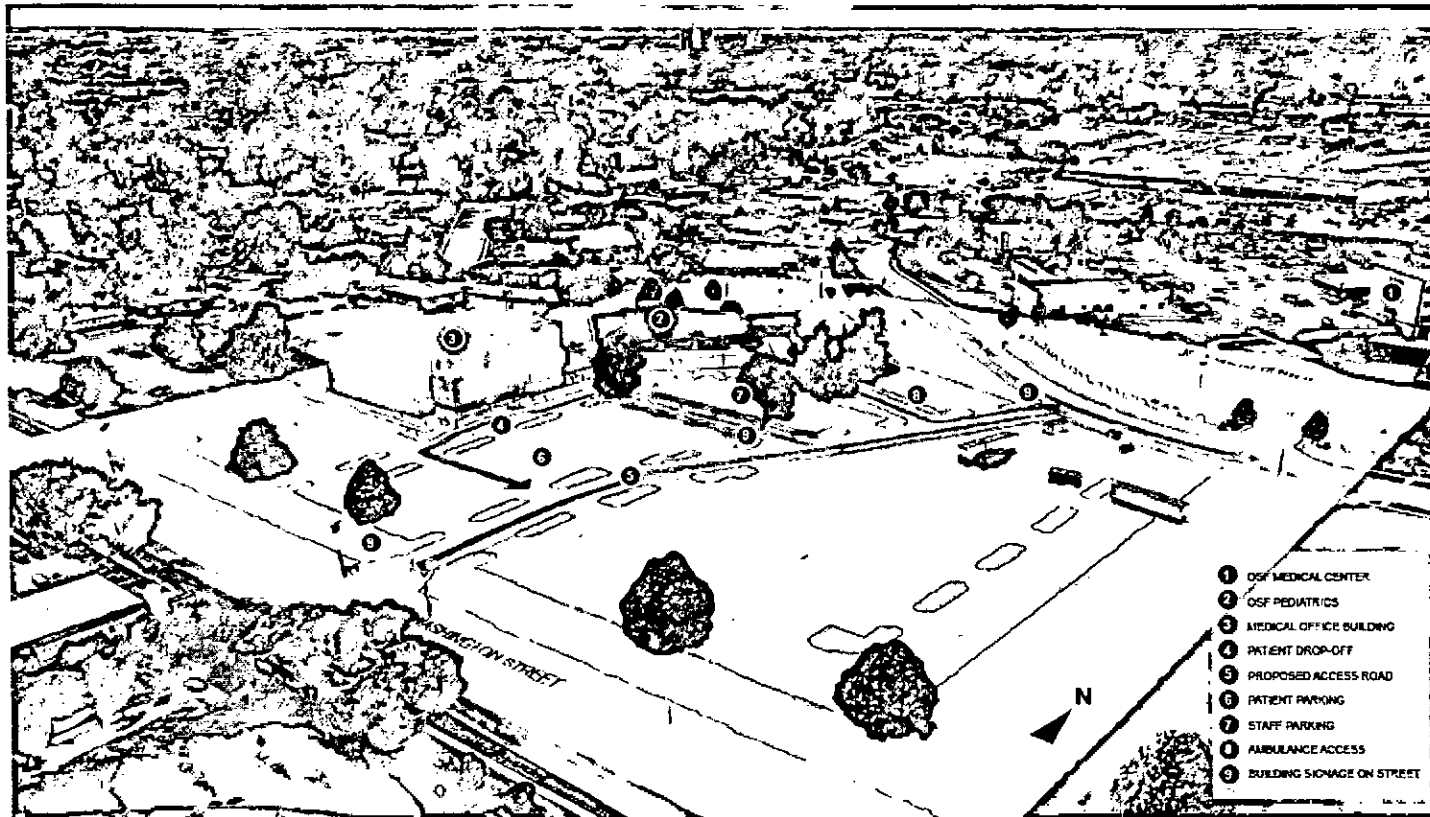
**CAMPUS MAP****BUILDING KEY:**

- A (1) cardiovascular practice
- B (2) cardiovascular practices
- C Cardiac rehabilitation
- D St. Joseph Drive Family Medicine
- E Bloomington Family Medicine

## + Rendering of proposed SJMC MOB

- ▣ 16,177 square feet floor plate
- ▣ 3 Stories with 48,000 square feet

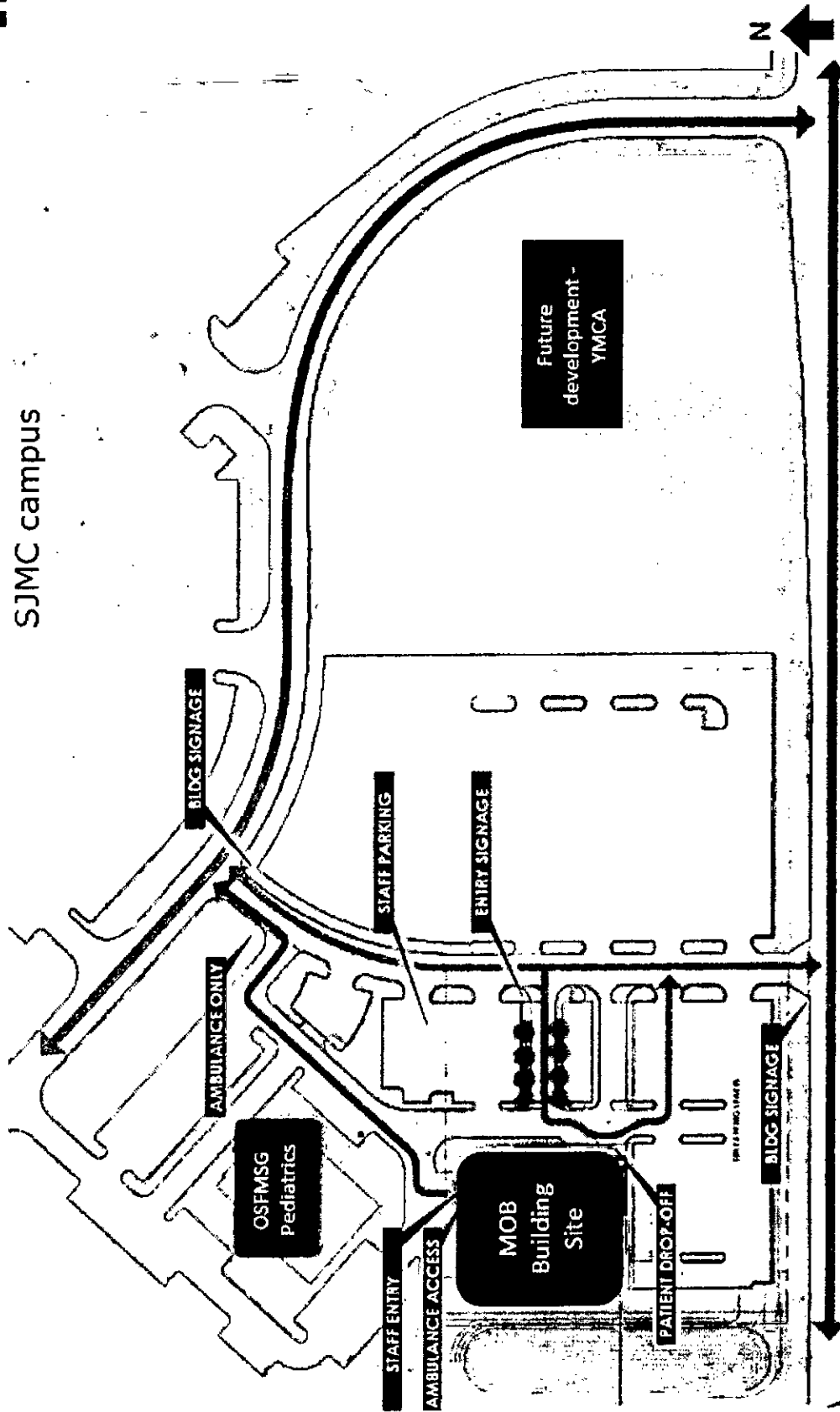
14



NOTE: THIS RENDERING DOES NOT REPRESENT MATERIALS OR FACADE ARTICULATION ON THE BUILDING.

# + Site Plan

15





## **Purpose**

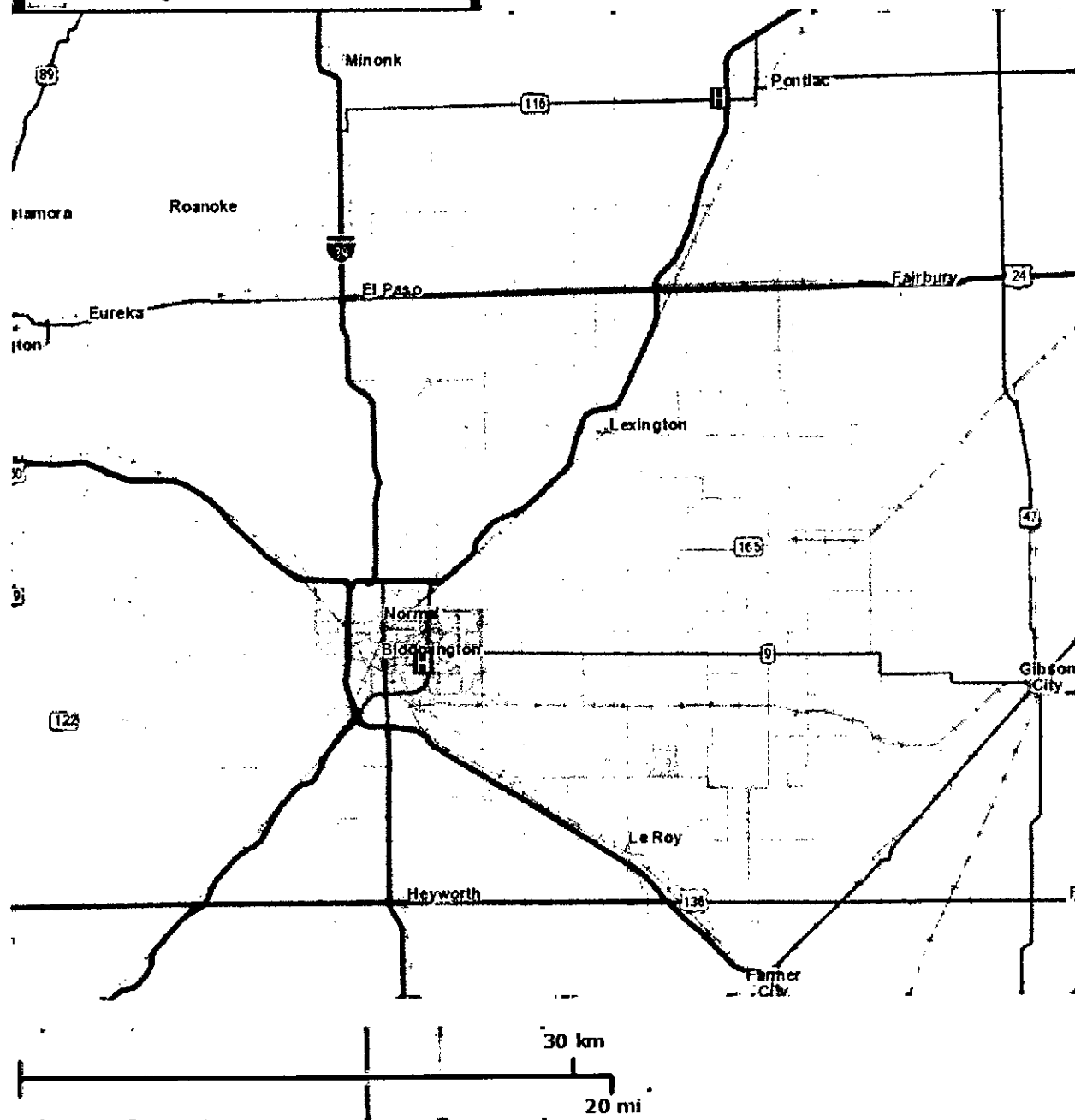
2. *Define the planning area or market area, or other, per the applicant's definition.*

The market area is that of the existing hospital, including the greater Bloomington and surrounding areas. Attached is a list of primary zip codes served by SJMC, and a map of the service area.




OSF Healthcare


Bloomington



OSF St. Joseph Medical Center  
Hospital Outpatient Utilization by Zip code  
12 Months ending June 2017

Patient City	Patient Zip Code	Distinct Patient Count	Cases
BLOOMINGTON	61701	9,518	28,702
NORMAL	61761	9,225	25,373
BLOOMINGTON	61704	9,389	24,220
BLOOMINGTON	61705	3,192	7,967
CLINTON	61727	1,884	4,619
HEYWORTH	61745	1,309	3,499
LE ROY	61752	953	2,705
EL PASO	61738	789	1,843
HUDSON	61748	688	1,841
PONTIAC	61764	830	1,512
LEXINGTON	61753	572	1,383
DANVERS	61732	504	1,323
DOWNS	61736	473	1,169
GRIDLEY	61744	397	1,016
COLFAX	61728	349	982
TOWANDA	61776	359	967
CARLOCK	61725	345	925
FAIRBURY	61739	442	924
MC LEAN	61754	302	824
ATLANTA	61723	323	815
CHENOA	61726	378	808
MINONK	61760	332	720
MINIER	61759	247	606
WAPPELLA	61777	253	597
STANFORD	61774	222	586
SAYBROOK	61770	191	578
FARMER CITY	61842	205	540
BLOOMINGTON	61702	171	519
LINCOLN	62656	223	511
MACKINAW	61755	203	463
ELLSWORTH	61737	142	411
WAYNESVILLE	61778	143	411
STREATOR	61364	237	388
ARROWSMITH	61722	125	343
SHIRLEY	61772	101	335
COOKSVILLE	61730	96	270
FLANAGAN	61740	116	240
MAROA	61756	97	232
WELDON	61882	84	229
KENNEY	61749	79	227
CHATSWORTH	60921	101	215
SECOR	61771	91	208
ARMINGTON	61721	85	200
EUREKA	61530	103	196

DEWITT	61735	73	192
GIBSON CITY	60936	83	170
FORREST	61741	84	163
CONGERVILLE	61729	71	162
DECATUR	62526	70	150
TOLUCA	61369	51	143
GOODFIELD	61742	60	139
DWIGHT	60420	74	137
ODELL	60460	84	132
MORTON	61550	57	131
ROANOKE	61561	63	115
ANCHOR	61720	45	112
PEKIN	61554	78	112
EAST PEORIA	61611	47	101
DEER CREEK	61733	42	99
HOPEDALE	61747	55	91
WENONA	61377	48	91
CULLOM	60929	40	86
CORNELL	61319	63	84
EMDEN	62635	12	83
DECATUR	62521	48	82
RUTLAND	61358	31	80
OTTAWA	61350	50	77
BELLFLOWER	61724	30	67
LANE	61750	27	67
DECATUR	62522	25	62
MAHOMET	61853	31	61
METAMORA	61548	32	56
CROPSEY	61731	26	55
WASHINGTON	61571	36	53
LONG POINT	61333	24	52
CHAMPAIGN	61821	26	49
STRAWN	61775	20	48
PEORIA	61604	31	43
SAUNEMIN	61769	28	43
DANA	61321	26	42
FORSYTH	62535	22	42
BENSON	61516	26	40
GRAYMONT	61743	24	40
PEORIA	61614	33	38
PEORIA	61615	26	37
BEASON	62512	17	36
MELVIN	60952	18	36
CHAMPAIGN	61822	24	35
PEORIA	61605	19	34
MONTICELLO	61856	15	31
PIPER CITY	60959	20	31
URBANA	61802	13	30
WASHBURN	61570	17	30
HARTSBURG	62643	9	29
SPRINGFIELD	62702	8	28
TREMONT	61568	17	28

RANSOM	60470	8	27
PAXTON	60957	17	25
FISHER	61843	11	24
BLACKSTONE	61313	12	23
MATTOON	61938	7	23
KEMPTON	60946	14	22
DE LAND	61839	8	21
SAN JOSE	62682	8	21
SIBLEY	61773	8	21
URBANA	61801	18	21
ELLIOTT	60933	9	20
VARNA	61375	11	20
DELAVAN	61734	15	19
MOWEAQUA	62550	5	19
PEORIA	61603	15	19
MANITO	61546	9	18
SPRINGFIELD	62704	11	18
CREVE COEUR	61610	7	17
GALESBURG	61401	11	17
BUCKLEY	60918	7	16
MARSEILLES	61341	10	15
PERU	61354	8	15
CHAMPAIGN	61820	12	14
DUNLAP	61525	11	14
LOS ANGELES	90007	1	14
MANSFIELD	61854	8	14
CHARLESTON	61920	8	13
CHILLICOTHE	61523	11	13
DANVILLE	61832	10	13
KILBOURNE	62655	1	13
MOUNT PULASKI	62548	10	13
OREANA	62554	7	13
SPRINGFIELD	62703	9	13
CABERY	60919	4	12
EMINGTON	60934	11	12
HAVANA	62644	8	12
HOOPESTON	60942	7	12
KANKAKEE	60901	5	12
SULLIVAN	61951	5	12
ANCONA	61311	9	11
ARGENTA	62501	7	11
DIVERNON	62530	5	11
EKWOK	99580	10	11
LA SALLE	61301	9	11
PEORIA HEIGHTS	61616	7	11
RANTOUL	61866	7	11
ROBERTS	60962	5	11
CENTRALIA	62801	2	10
CHATHAM	62629	3	10
CHATTANOOGA	37412	1	10
CHESTNUT	62518	7	10
MAPLETON	61547	7	10

SAVOY	61874	7	10
-	00000	8	10
LAWNDALE	61751	8	9
MATTESON	60443	3	9
OAKWOOD	61858	4	9
PEORIA	61606	4	9
PEORIA	61607	8	9
TONICA	61370	8	9
MASON CITY	62664	6	8
PANA	62557	4	8
SPARLAND	61565	5	8
TUSCOLA	61953	3	8
CHICAGO	60623	1	7
GREEN VALLEY	61534	5	7
HAMMOND	61929	1	7
HANNA CITY	61536	5	7
HERSCHER	60941	6	7
MOUNT OLIVE	62069	2	7
PESOTUM	61863	3	7
QUINCY	62305	6	7
UTICA	61373	5	7
WATSEKA	60970	3	7
BOX ELDER	57719	4	6
FOOSLAND	61845	3	6
HOT SPRINGS VILLAG	71909	1	6
LANSING	60438	1	6
MENDOTA	61342	4	6
MIAMI	33186	1	6
MIDDLETOWN	62666	4	6
MORRIS	60450	3	6
OGLESBY	61348	5	6
PETERSBURG	62675	2	6
QUEEN CREEK	85142	2	6
RUSHVILLE	62681	1	6
SEYMOUR	61875	3	6
SPRINGFIELD	62711	5	6
SPRINGFIELD	62791	1	6
THE VILLAGES	32162	1	6
ALTON	62002	3	5
BOURBONNAIS	60914	3	5
CANTON	61520	4	5
CERRO GORDO	61818	2	5
CHICAGO	60609	2	5
CHICAGO	60637	3	5
DANVILLE	61834	4	5
GILMAN	60938	4	5
KEWANEE	61443	3	5
LOSTANT	61334	2	5
NEW HOLLAND	62671	3	5
ONARGA	60955	4	5
PROSPECT HEIGHTS	60070	2	5
QUINCY	62301	5	5

REDDICK	60961	2	5
SAINT JOSEPH	61873	5	5
SIOUX FALLS	57104	2	5
TAYLORVILLE	62568	3	5
WARRENSBURG	62573	3	5
AURORA	60502	4	4
BOLINGBROOK	60440	2	4
CARLYLE	62231	1	4
CHICAGO	60633	1	4
CHICAGO	60640	1	4
COLORADO CITY	81019	1	4
DECATUR	62524	4	4
DELTONA	32738	1	4
FORT MILL	29715	2	4
FREEPORT	61032	2	4
GEORGETOWN	61846	4	4
GILBERT	85297	1	4
GLASFORD	61533	3	4
HERRICK	62431	1	4
ILLIOPOLIS	62539	2	4
LIVINGSTON	77399	3	4
MAGNOLIA	61336	2	4
MCHENRY	60050	3	4
OSWEGO	60543	3	4
PEORIA	61602	3	4
ROCK FALLS	61071	3	4
ROCK ISLAND	61201	2	4
ROCKTON	61072	3	4
SAINT LOUIS	63130	1	4
SUMMERSVILLE	65571	1	4
VILLA GROVE	61956	4	4
WALLED LAKE	48390	1	4
WHEELING	60090	1	4
ALEDO	61231	3	3
ARCOLA	61910	2	3
ARLINGTON HEIGHTS	60005	1	3
AVON	61415	2	3
BARTLETT	60103	3	3
BEMENT	61813	2	3
CARBONDALE	62901	1	3
CHAMPAIGN	61824	1	3
CHICAGO	60643	2	3
CHICAGO HEIGHTS	60411	3	3
CLERMONT	34711	1	3
CLIFTON	60927	1	3
CORTLAND	60112	2	3
DAVENPORT	52806	2	3
DEKALB	60115	2	3
DEPUE	61322	2	3
ELMWOOD	61529	1	3
ELMWOOD PARK	60707	1	3
FAIRMOUNT	61841	2	3

FITHIAN	61844	3	3
GARDNER	60424	2	3
GROVELAND	61535	3	3
HAINES CITY	33844	3	3
HARRISTOWN	62537	3	3
HENRY	61537	3	3
INDIANOLA	61850	1	3
IOWA CITY	52246	1	3
JACKSONVILLE	62650	3	3
JOLIET	60436	1	3
LAFAYETTE	47909	1	3
LEWISTOWN	61542	2	3
MACOMB	61455	2	3
MACON	62544	2	3
MC NABB	61335	2	3
MISSOURI CITY	77459	3	3
MONMOUTH	61462	3	3
MORRISON	80465	1	3
MOUNT JULIET	37122	1	3
MT ZION	62549	2	3
NEWMAN	61942	1	3
O FALLON	62269	2	3
OAK LAWN	60453	2	3
OBLONG	62449	2	3
OROFINO	83544	2	3
PAWNEE	62558	1	3
PLAINFIELD	60586	2	3
PRINCEVILLE	61559	2	3
RIVERSIDE	92506	1	3
RIVERTON	62561	3	3
ROCHELLE	61068	1	3
ROCKFORD	61107	3	3
ROCKFORD	61109	2	3
SENECA	61360	2	3
SPRING VALLEY	61362	3	3
TOULON	61483	3	3
URBANA	61803	2	3
WAYNE CITY	62895	1	3
WEST LAFAYETTE	47906	1	3
WESTVILLE	61883	3	3
WINTER HAVEN	33884	1	3
WYOMING	61491	3	3
YORKVILLE	60560	3	3
ABINGDON	61410	1	2
ALLERTON	61810	1	2
ARLINGTON HEIGHTS	60004	2	2
ARTHUR	61911	2	2
AURORA	60506	2	2
BATH	62617	1	2
BEARDSTOWN	62618	2	2
BEAUFORT	29906	1	2
BEAVERVILLE	60912	1	2

BELVIDERE	61008	2	2
BETHANY	61914	1	2
BOISE	83707	1	2
BRAIDWOOD	60408	1	2
BUCKINGHAM	60917	2	2
BUFFALO	14220	1	2
BURBANK	60459	1	2
CALUMET CITY	60409	2	2
CAMBRIDGE	61238	1	2
CAMP GROVE	61424	2	2
CARY	60013	2	2
CATLIN	61817	2	2
CHAMPAIGN	61826	1	2
CHERRY VALLEY	61016	1	2
CHICAGO	60618	1	2
CHICAGO	60629	2	2
CHICAGO	60638	2	2
CHICAGO	60647	1	2
CHICAGO	60653	2	2
CISSNA PARK	60924	2	2
COLLINSVILLE	62234	2	2
COUNTRY CLUB HILLS	60478	2	2
CRYSTAL LAKE	60014	2	2
CUBA	61427	1	2
DALTON CITY	61925	2	2
DARIEN	60561	2	2
DECATUR	62523	1	2
DENVER	80202	1	2
DES MOINES	50313	1	2
DIXON	61021	2	2
EARLVILLE	60518	1	2
EAST MOLINE	61244	2	2
EDINBURG	62531	1	2
EDWARDS	61528	2	2
EFFINGHAM	62401	2	2
FARMERSVILLE	62533	2	2
FLINT	48503	1	2
FOREST CITY	61532	2	2
FORT MYERS	33913	1	2
FORT MYERS BEACH	33931	2	2
GIFFORD	61847	2	2
GOLCONDA	62938	1	2
GRAND RIDGE	61325	2	2
GRANVILLE	61326	2	2
GREENVIEW	62642	1	2
HARRISBURG	28075	1	2
HENNEPIN	61327	2	2
HOFFMAN ESTATES	60169	2	2
HOLCOMB	63852	1	2
HOUSTON	77089	1	2
JOLIET	60431	2	2
KINGSTON MINES	61539	1	2



LACON	61540	2	2
LAKE VILLA	60046	2	2
LATHAM	62543	2	2
LIBERTY	62347	2	2
LIBERTYVILLE	60048	1	2
LISLE	60532	2	2
MICHIGAN CITY	46360	1	2
MISSION HILLS	91345	1	2
MOLINE	61265	1	2
MOMENCE	60954	1	2
NAPERVILLE	60540	2	2
NAPERVILLE	60564	2	2
NAPERVILLE	60565	2	2
NASHVILLE	62263	1	2
NEOGA	62447	1	2
OAKLAND	61943	1	2
DCALA	34482	2	2
OSAGE BEACH	65065	1	2
PALMYRA	62674	1	2
PAW PAW	61353	1	2
PEORIA	61601	1	2
PHILO	61864	2	2
PHOENIX	85044	1	2
PORT ARANSAS	78373	1	2
PDRT HURON	48060	2	2
PRINCETON	61356	1	2
RAMSEY	62080	1	2
RANKIN	60960	2	2
RIGHTON PARK	60471	1	2
RIDGE FARM	61870	2	2
ROCKFORD	61114	1	2
SEBRING	33870	2	2
SHELBYVILLE	62565	2	2
SHERIDAN	60551	2	2
SHERMAN	62684	2	2
SIDELL	61876	1	2
SIDNEY	61877	1	2
SIOUX FALLS	57106	2	2
SMITHFIELD	61477	2	2
SOUTH BEND	46613	1	2
SOUTH ELGIN	60177	2	2
SPRINGFIELD	62712	2	2
TOLONO	61880	2	2
VERNON HILLS	60061	1	2
VICTORIA	61485	1	2
VILLA PARK	60181	1	2
WARRENVILLE	60555	2	2
WATAGA	61488	1	2
WELLINGTON	60973	2	2
WILLIAMSVILLE	62693	1	2
WILMINGTON	60481	1	2
WINDSOR	61957	1	2

WOODRIDGE	60517	2	2
YATES CITY	61572	1	2
-	51704	1	2
-	99999	2	2
ALBUQUERQUE	87114	1	1
ALPHARETTA	30005	1	1
ALPHARETTA	30022	1	1
ATHENS	62613	1	1
ATLANTA	30318	1	1
ATLANTA	30346	1	1
AUBURN	62615	1	1
AURORA	60503	1	1
BALLWIN	63011	1	1
BALTIMORE	21218	1	1
BALTIMORE	21231	1	1
BENLD	62009	1	1
BIRMINGHAM	35242	1	1
BISMARCK	61814	1	1
BLOOMINGDALE	60108	1	1
BLOOMINGTON	61710	1	1
BLOOMINGTON	61791	1	1
BOLINGBROOK	60490	1	1
BONITA SPRINGS	34134	1	1
BONITA SPRINGS	34135	1	1
BRADFORD	61421	1	1
BRADLEY	60915	1	1
BROADVIEW	60155	1	1
BUCKLEY	49620	1	1
BUFFALO GROVE	60089	1	1
BURNSVILLE	55337	1	1
BUTLER	07405	1	1
BYRON	61010	1	1
CADILLAC	49601	1	1
CARRIER MILLS	62917	1	1
CASEY	62420	1	1
CAVE CREEK	85331	1	1
CHANDLER	85248	1	1
CHANNAHON	60410	1	1
CHARLOTTE	28211	1	1
CHATTANOOGA	37416	1	1
CHESTER	62233	1	1
CHICAGO	60612	1	1
CHICAGO	60614	1	1
CHICAGO	60615	1	1
CHICAGO	60619	1	1
CHICAGO	60624	1	1
CHICAGO	60626	1	1
CHICAGO	60628	1	1
CHICAGO	60641	1	1
CHICAGO	60642	1	1
CHICAGO	60644	1	1
CHICAGO	60646	1	1

CHICAGO	60649	1	1
CHICAGO	60657	1	1
CHICAGO	60660	1	1
CHICAGO	60701	1	1
CHICAGO RIDGE	60415	1	1
CHINO	91708	1	1
CINCINNATI	45239	1	1
CLAYTON	62324	1	1
COAL CITY	60416	1	1
COLCHESTER	62326	1	1
COLUMBUS	47201	1	1
COMFORT	25049	1	1
CONROE	77384	1	1
CUMMING	30040	1	1
CUMMING	30041	1	1
DAVENPORT	52803	1	1
DAVENPORT	52804	1	1
DAVIS JUNCTION	61020	1	1
DAWSON	62520	1	1
DECATUR	46733	1	1
DES PLAINES	60016	1	1
DEWEY	61840	1	1
DOWNERS GROVE	60515	1	1
DUBUQUE	52001	1	1
DUNDEE	60118	1	1
EDELSTEIN	61526	1	1
EL PASO	79904	1	1
ELDENA	61324	1	1
ELGIN	60124	1	1
EVANSVILLE	47714	1	1
EVANSVILLE	47725	1	1
EVERGREEN PARK	60805	1	1
FAIRVIEW	61432	1	1
FARMINGTON	61531	1	1
FLINT	48504	1	1
FLORA	62839	1	1
FLORISSANT	63031	1	1
FORT LAUDERDALE	33308	1	1
FORT WALTON BEACH	32547	1	1
FRANKFORT	60423	1	1
FROSTPROOF	33843	1	1
GIG HARBOR	98332	1	1
GILSON	61436	1	1
GRAYSLAKE	60030	1	1
GREELEY	80634	1	1
GREEN BAY	54313	1	1
GREEN LAKE	54941	1	1
GREEN VALLEY	85622	1	1
GREENFIELD	46140	1	1
GREENWOOD	46143	1	1
HAMILTON	62341	1	1
HARBOR SPRINGS	49740	1	1

HARRISBURG	62946	1	1
HARTSELLE	35640	1	1
HARVEY	60426	1	1
HIGHLAND	62249	1	1
HINDSBORO	61930	1	1
HINSDALE	60521	1	1
HOMER	61849	1	1
INDIAN WELLS	92210	1	1
ISLE	56342	1	1
IVESDALE	61851	1	1
JACKSONVILLE BEAC	32250	1	1
JOLIET	60432	1	1
JOLIET	60435	1	1
KINGWOOD	77339	1	1
KINSMAN	60437	1	1
KIRKLAND	60146	1	1
KNOXVILLE	61448	1	1
LA ROSE	61541	1	1
LADD	61329	1	1
LAFAYETTE	70506	1	1
LAKE ANN	49650	1	1
LAKE FOREST	60045	1	1
LAKE HAVASU CITY	86406	1	1
LAKE MARY	32746	1	1
LAKE WORTH	33449	1	1
LAKE ZURICH	60047	1	1
LAKEVIEW	72642	1	1
LEBANON	46052	1	1
LEBANON	62254	1	1
LEMONT	60439	1	1
LEXINGTON	40513	1	1
LINCOLN	68512	1	1
LINCOLN	68521	1	1
LIVERPOOL	13088	1	1
LODA	60948	1	1
LOUP CITY	68853	1	1
LOVELAND	45140	1	1
LOVES PARK	61111	1	1
LOVINGTON	61937	1	1
LOWPOINT	61545	1	1
MACHESNEY PARK	61115	1	1
MAPLE CITY	49664	1	1
MARINE	62061	1	1
MAYAGUEZ	00680	1	1
MAZON	60444	1	1
MC CORDSVILLE	46055	1	1
MECHANICSBURG	62545	1	1
MEDIA	61460	1	1
MENDON	62351	1	1
MERNA	61758	1	1
MILAN	61264	1	1
MILFORD	60953	1	1

MILWAUKEE	53204	1	1
MILWAUKEE	53210	1	1
MILWAUKEE	53211	1	1
MINERAL	61344	1	1
MINOOKA	60447	1	1
MOBILE	36609	1	1
MONROVIA	46157	1	1
MONTGOMERY	36117	1	1
MORRISVILLE	27560	1	1
MOSCOW	38057	1	1
MOSSVILLE	61552	1	1
MOUNT ERIE	62446	1	1
MOUNT PROSPECT	60056	1	1
MUNDELEIN	60060	1	1
NAPERVILLE	60563	1	1
NAPLES	34104	1	1
NAPLES	34108	1	1
NIANTIC	62551	1	1
NOKOMIS	34275	1	1
NOKOMIS	62075	1	1
NORMAN	73072	1	1
NORTH HOLLYWOOD	91602	1	1
OAK CREEK	53154	1	1
OAK FOREST	60452	1	1
OAK PARK	60304	1	1
OMAHA	72662	1	1
OREGON	61061	1	1
ORION	61273	1	1
ORLAND PARK	60467	1	1
OSHKOSH	54901	1	1
PAGOSA SPRINGS	81147	1	1
PALATINE	60067	1	1
PANAMA CITY	32404	1	1
PARK RIDGE	60068	1	1
PEKIN	61555	1	1
PEORIA	61641	1	1
PEORIA	61656	1	1
PEOTONE	60468	1	1
PHOENIX	85032	1	1
PHOENIX	85082	1	1
PLAINFIELD	60544	1	1
PLANO	60545	1	1
PLEASANT HILL	62366	1	1
PLEASANT HILL	64080	1	1
POMPANO BEACH	33062	1	1
POPLAR GROVE	61065	1	1
PORT ORANGE	32127	1	1
PORTLAND	37148	1	1
RANCHO CUCAMONG	91730	1	1
RENO	89502	1	1
RIPON	54971	1	1
RIVERVIEW	33578	1	1

ROCHESTER	62563	1	1
ROCKFORD	61102	1	1
ROCKFORD	61104	1	1
ROCKFORD	61108	1	1
ROSEVILLE	61473	1	1
ROSWELL	30075	1	1
SAINT CHARLES	60175	1	1
SAINT LOUIS	63127	1	1
SAINT LOUIS	63136	1	1
SAINT PAUL	55110	1	1
SAINT PAUL	55111	1	1
SAINT PETERSBURG	33714	1	1
SALINAS	93901	1	1
SAN ANTONIO	78229	1	1
SAN FRANCISCO	94107	1	1
SAN JOSE	95120	1	1
SANDOVAL	62882	1	1
SANDWICH	60548	1	1
SCHAUMBURG	60173	1	1
SCHAUMBURG	60193	1	1
SHEBOYGAN	53083	1	1
SHELBYVILLE	40065	1	1
SHELDON	60966	1	1
SHOREWOOD	60404	1	1
SIDNEY	45365	1	1
SOUTH PEKIN	61564	1	1
SPRINGFIELD	45503	1	1
STATESVILLE	28625	1	1
STAUNTON	62088	1	1
STRASBURG	17579	1	1
SUMMIT ARGO	60501	1	1
SYCAMORE	60178	1	1
TAMPA	33611	1	1
THE VILLAGES	32163	1	1
TILTON	61833	1	1
TINLEY PARK	60487	1	1
TISKILWA	61368	1	1
TOPEKA	61567	1	1
TROY	48084	1	1
URBANDALE	50323	1	1
VALRICO	33596	1	1
VENICE	34293	1	1
VERONA	60479	1	1
WADDELL	85355	1	1
WASHINGTON	20037	1	1
WAUKEGAN	60085	1	1
WAYNE	60184	1	1
WEDRON	60557	1	1
WEST BRANCH	48661	1	1
WHEATON	60187	1	1
WHITE HEATH	61884	1	1
WILMINGTON	19803	1	1

WOODSTOCK	60098	1	1
WORTH	60482	1	1
WYLIE	75098	1	1
-	04089	1	1
-	30210	1	1
Totals		48,189	128,375

Source: OSF Enterprise Explorer

### **Purpose**

3. *Identify the existing problems or issues that need to be addressed, as applicable and appropriate for the project. [See 1110.230(b) for examples of documentation.]*

See #1. Generally, the issues to be addressed relate to the desire to consolidate physician offices and cardiology services that are currently scattered in five locations.

4. *Cite the sources of the information provided as documentation.*

The hospital's data and statistics: U.S. Census Bureau Statistics. IDPH population projections.



## Purpose

5. *Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being.*

The project will enhance patient care by making accessing primary care and specialists, particularly cardiologists, easier as they will be in one location, as will cardiology services such as vascular ultrasound, cardiac imaging and rehab.

6. *Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals as appropriate.*

A goal is to provide for user friendly and easily accessible primary care and specialty services. An ancillary goal is to provide for an enhanced physician office experience to facilitate physician recruitment. The time frame for achieving the goal(s) is 12/31/2019, the completion date for the project.

## **Alternatives**

### **Option 1: "Primary Care MOB Only"**

One option considered was building a smaller building, at less cost, to house only primary care physicians. This would leave the three separate areas currently providing outpatient cardiology services as is. This approach while appealing from a cost standpoint left cardiac care fragmented and inefficient. The potential estimated cost was ten to twelve million dollars (\$10,000,000.00 - \$12,000,000.00).

A second option was to modernize the existing buildings/locations, as they are older buildings. This option was not seriously considered as it did not address the fragmentation of care issue. The cost was loosely estimated to be approximately twelve million dollars due to the need for five separate construction sites.

A joint venture would not be appropriate for this modernization project and was not considered.

Utilizing other health care providers is not an alternative, as it would do nothing to alleviate the problem of fragmented care at the five sites where the physicians and services are currently located.

### Size of Project

SIZE OF PROJECT				
DEPARTMENT/SERVICE	PROPOSED BGSF/DGSF	STATE STANDARD	DIFFERENCE (actual size)	MET STANDARD?
CLINICAL				
Occ. Health	4,824	None	No Standard	N/A
Cardiac Rehab	1,870	None	No Standard	N/A
Outpatient Cardiac testing and care	1,673	None (mobile)	No Standard	N/A
Vascular Ultrasound	553 (2* units)	900 DGSF/unit	-1,247	Yes
General Radiology	677 (1 unit)	1300 DGSF/unit	-673	Yes
Nuclear Medicine	804 (1 unit)	1600 DGSF/unit	-796	Yes
NON CLINICAL				
Physician Offices	24,112	None	No Standard	N/A
Lobby and Support Space	18,191	None	No Standard	N/A
Total	52,704	N/A	N/A	N/A

\*mobile

## PROJECT SERVICES UTILIZATION

UTILIZATION				
DEPARTMENT	HISTORICAL UTILIZATION CY16	PROJECTED UTILIZATION CY21	STATE STANDARD	MET STANDARD?
General Radiology	3982	5000	8000 procedures	Yes
Nuclear Medicine	1496	2000	2000 visits	Yes
Ultrasound	N/A	N/A	3100 visits	N/A

There is one general x-ray and one nuclear medicine machine. While there are two ultrasounds they are mobile and the 3100 visits does not apply to mobile equipment.

### **Imaging**

OSF SJMC proposes modernization of its existing primary care and cardiology medical office buildings by constructing a new building and relocating existing services to one site. The only service for which the Illinois Health Facilities and Services Review Board has standards that will be in the buildings is imaging. There will be one nuclear medicine machine, one general radiology machine(s) and two mobile vascular ultrasound machine(s).

The projected related fund financing will be issued by the Illinois Finance Authority and the term is 30 years, with the anticipated interest rate of 4.5%. The bonds support the clinical aspects of the project.

**Availability of Funds  
Financial Viability Waiver**

N/A – See attached proof of Bond Rating of A or better.



## CREDIT OPINION

6 September 2016

## New Issue

Rate this Research



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## OSF Healthcare System, IL

New Issue – Moody's Assigns A2 to OSF Healthcare System's (IL) Ser. 2016; Outlook Stable

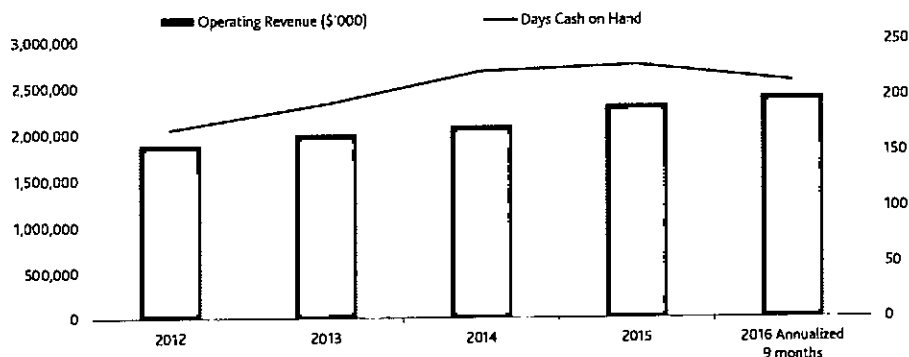
## Summary Rating Rationale

Moody's Investors Service assigns an A2 to OSF Healthcare System's \$114 million of proposed Series 2016 fixed rate bonds to be issued by the Illinois Finance Authority. The bonds are expected to mature in 2039. The A2 on approximately \$950 million of outstanding debt is affirmed. The outlook is stable.

The A2 is based on OSF's large presence as a multi-site system in northern, central, and southern Illinois, leading market position in the largest market, and strong and liquid investment position. OSF's challenges include higher-than-average direct leverage, sizable indirect obligations, competition in most markets, and variable operating performance.

Exhibit 1

## Good Liquidity During Period of Revenue Growth



Source: Moody's Investors Service

## Credit Strengths

- » Large, multi-site system in northern, central, and southern Illinois with close to \$2.5 billion in revenue, supported by investments in physicians and facilities and progressive IT capabilities
- » Leading market position and regional referral draw for OSF's flagship location in Peoria
- » Very good and liquid investment position with 214 days cash on hand at June 30, 2016
- » Manageable debt structure risks with over 300% monthly liquidity-to-demand debt



## Credit Challenges

- » Strong competition in largest markets with competitors owned or closely affiliated with larger parent organizations
- » High leverage with relatively high 4.2 times debt-to-cashflow and 49% direct debt-to-revenue and moderate 111% cash-to-direct debt
- » Sizable indirect debt, including operating lease and pension obligations, driving modest 68% cash-to-comprehensive debt
- » History of variable operating cashflow margins, including decline in FY2016 following two years of improvement

## Rating Outlook

The stable outlook reflects expectations that OSF's operating and strategic investments will stabilize margins. The outlook incorporates an assumption of no incremental leverage and manageable capital spending levels, which should drive investment growth levels and balance sheet deleveraging.

## Factors that Could Lead to an Upgrade

- » Significant reduction in balance sheet leverage, including pension obligation
- » Reduction in operating leverage (debt-to-cashflow and debt-to-revenue)
- » Sustained improvement in operating cashflow margin

## Factors that Could Lead to a Downgrade

- » Materially dilutive acquisition or merger
- » Prolonged decline in margins
- » Meaningful increase in leverage

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on [www.moodys.com](http://www.moodys.com) for the most updated credit rating action information and rating history.

## Key Indicators

Exhibit 2

OSF Healthcare System, IL

	2012	2013	2014	2015	2016 Annualized 9 months
Operating Revenue (\$'000)	1,884,151	1,994,993	2,087,700	2,308,548	2,400,397
3 Year Operating Revenue CAGR (%)	6.5	7.6	5.6	7.0	6.4
Operating Cash Flow Margin (%)	7.8	5.8	8.9	10.0	8.3
PM: Medicare (%)	44.6	44.1	45.3	45.7	N/A
PM: Medicaid (%)	15.9	15.3	18.1	20.0	N/A
Days Cash on Hand	171	194	223	229	214
Unrestricted Cash and Investments to Total Debt (%)	93.7	115.6	130.0	114.9	111.4
Total Debt to Cash Flow (x)	4.2	4.6	3.4	3.8	4.2

Based on OSF Healthcare System and Subsidiaries, audits ended September 30; fiscal year 2016 reflects unaudited nine months ended June 30 annualized  
 Non-recurring items or adjustments: All years exclude gifts and investment income from operating revenue and reclassify net settlement of derivatives to operating expenses; FY15 excludes \$10.6 million of prior period supplemental Medicaid payments  
 Investment returns normalized at 6% prior to FY 2015 and 5% in FY 2015 and beyond  
 Source: Moody's Investors Service

## Recent Developments

Recent developments are incorporated into the Detailed Rating Considerations section.

## Detailed Rating Considerations

### Market Position: Large Multi-Site System Operating in Competitive Markets

Over the last several years, OSF has been consolidating and integrating clinical and support areas to reduce variation, improve quality, and improve productivity and reduce costs. The system's flagship hospital in Peoria has benefitted from significant investments with increased volumes from a broader regional service area and higher acuity. OSF completed the installation of an electronic medical record (EMR) system several years ago, which allows more advanced predictive analysis. The system has invested heavily in care coordinators in most regions to support population health management. These strategies are allowing OSF to take on more shared savings and risk arrangements with payers.

OSF continues to make investments in facilities and physicians to compete in competitive markets. Most of OSF's competitors are owned or closely aligned with large healthcare systems. OSF has maintained a strong leading market position in the Peoria market. The system's second largest market in Rockford is very competitive with two other providers, both of which are part of Wisconsin-based systems that are investing in upgrading facilities. OSF's capital investment in Rockford, discussed below, will enhance its competitive position in the market.

### Operating Performance, Balance Sheet and Capital Plans: Variable Margins But Very Good Liquidity

Following two years of improved performance through FY 2015, the system reported a decline nine months year-to-date FY 2016. Adjusted for the items noted below, OSF had a 8.3% operating cashflow margin year-to-date FY 2016, compared with 10% for full FY 2015. Volume growth in 2016 has been strong, driving same-facility revenue growth of 4%. OSF has also benefitted from Medicaid expansion and supplemental payments. The operating decline was primarily due to a large increase in contractual allowances related to prior year revenue following the installation of a new software to estimate receivables collections, increased pharmaceutical costs and a reserve related to estimated losses under the Medicare NextGen ACO payment model. Performance by region is mixed. The Peoria area has been strong due to volume growth, especially in more profitable regional referrals and ambulatory services. Rockford has experienced sizable losses, more recently due to the contractual adjustments noted above. Some of the smaller hospitals experienced losses, including newly acquired Alton.

The system's operating and strategic initiatives should help the system mitigate challenges affecting FY 2016. OSF is in the third year of a 4-year cost reduction program and reports achieving over \$140 million in improvements to date. Major initiatives include reimbursement opportunities, productivity improvement, and supplies.

Capital spending is increasing in FY 2016 but at manageable levels relative to cashflow. Spending is projected at approximately \$190 million and \$170 million in FY 2016 and FY 2017, respectively, averaging 1.6 times depreciation expense, and will be funded with bond proceeds from the Series 2015 offering and cashflow. The largest project is a \$85 million bed pavilion in the Rockford market.

#### LIQUIDITY

OSF's liquidity is very good with 214 days cash on hand at June 30, 2016. While capital spending is increasing, it is under current operating cashflow levels, which should allow the system at least to maintain liquidity. OSF maintains a conservative and liquid asset allocation with 72% invested in cash and fixed income at FYE 2015. OSF has been negatively affected by high Medicaid receivables.

#### Debt Structure and Legal Covenants: High Direct and Indirect Leverage

OSF has higher than average balance sheet and operating leverage including a high 4.2 times debt-to-cashflow and moderate 111% cash-to-direct debt based on annualized year-to-date FY 2016 results. Maximum annual debt service coverage is below average at 4.0 times. No incremental leverage is expected at this time.

#### DEBT STRUCTURE

Debt structure risks are manageable with over 300% monthly liquidity-to-demand debt. Demand debt, including bank provided letters of credit and private placements, are diversified among banks and commitment periods. OSF has ample room under financial covenants, which include 1.1 times debt service coverage and 75 or 80 days cash on hand, depending on whether covenants apply to banks or insurer.

#### DEBT-RELATED DERIVATIVES

As of June 30, 2016 OSF is a party to numerous interest rate swap agreements with a total notional amount of \$457 million, including an interest rate lock related to the Series 2016 bonds, which will be terminated in conjunction with the Series 2016 bond issuance. As of June 30, 2016, the cumulative mark to market valuation of the swaps was a negative \$76 million (based on management data). The fixed payer swaps are insured by Assured Guaranty. Collateral posting is not required unless Assured's rating falls below A3 or the equivalent by at least one rating agency; the system has not had to post collateral.

#### PENSIONS AND OPEB

OSF's pension plan is a Church plan and, therefore, not subject to ERISA requirements. The plan was frozen in March 2011. The system's philosophy has been to fund at pension expense levels. However, compared with other health systems, the pension obligation is large at \$349 million at FYE 2015 (60% funded), despite a decline following a \$50 million contribution last year. Combined with operating leases, cash-to-comprehensive debt is moderate at 68% for fiscal year 2015. In May 2016, litigation was filed challenging OSF's Church plan status. Given uncertainties regarding the outcome of this litigation, the rating does not incorporate any potential funding requirements.

#### Management and Governance

OSF has been migrating from a holding company model to a consolidated and integrated model, which we view favorably in allowing more effective and timely execution of operating and strategic initiatives. Most recently, the system's physician enterprise was consolidated into one multi-specialty group as of January 2016. The system has a disciplined approach to capital spending which is tied to cashflow generation at the individual hospitals.

#### Legal Security

Legal security for the bonds is a security interest in the Unrestricted Receivables of the Members of the Obligated Group, which make up most of the system. Members of the Obligated Group include OSF Healthcare System (which includes most system hospitals), Ottawa Regional Hospital & Healthcare Center, Ottawa Regional Hospital Foundation, Saint Anthony's Physician Group (Alton) and the OSF Multi-Specialty Group. Saint Anthony's Physician Group will withdraw from the obligated group since all virtually practitioners and assets have been moved to the OSF Multi-Specialty Group.

### Use of Proceeds

Proceeds of the Series 2016 bonds will be primarily used to refund certain maturities of the Series 2010A bonds.

### Obligor Profile

OSF Healthcare System operates eleven acute care hospitals and a large multi-specialty physician group. Ten of the system's hospitals are located in Illinois; OSF also owns a small critical access hospital in the Upper Peninsula of Michigan. The System's largest hospital, OSF Saint Francis Medical Center in Peoria, Illinois, is a 609-licensed bed tertiary care teaching center.

### Methodology

The principal methodology used in this rating was Not-For-Profit Healthcare Rating Methodology published in November 2015. Please see the Ratings Methodologies page on [www.moody's.com](http://www.moody's.com) for a copy of this methodology.

### Ratings

Exhibit 3

#### OSF Healthcare System

Issue	Rating
Revenue Bonds, Series 2016	A2
Rating Type	Underlying LT
Sale Amount	\$113,610,000
Expected Sale Date	09/15/2016
Rating Description	Revenue: Other

Source: Moody's Investors Service

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REPORT NUMBER 1039421

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## CLIENT SERVICES

Americas

1-212-553-1653

Asia Pacific

852-3551-3077

Japan

81-3-5408-4100

EMEA

44-20-7772-5454

### Economic Feasibility

The selected form of debt financing will be at the lowest cost available, or if not it will be more advantageous due to other terms, such as pre-payment privileges, lack of security interest, time of the loan or other reasons.



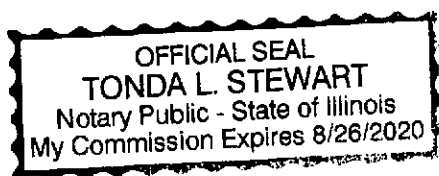
Michael Allen, Chief Financial Officer  
OSF Healthcare System

Subscribed and sworn to before me this

2<sup>nd</sup> day of October, 2017



Notary Public



See below chart reflecting the reasonableness of the costs per the State Board standards.

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
Department (list below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	Mod.	Gross Sq. Ft. New	Circ.*	Gross Sq. Ft. Mod.	Circ.*	Const. \$ (A x C)	Mod. \$ (B x E)	
	\$305*		10,401						\$2,433,555*
Contingency									\$734,855
<b>TOTALS</b>	<b>\$305</b>		<b>10,401</b>						<b>\$3,168,410</b>

\* Include the percentage (%) of space for circulation

\*Includes Contingency

\*Includes Circ.



7  
**Charity Care**

See below charity care information for OSF Healthcare System for the last three audited fiscal years.

<b>CHARITY CARE - OSF HEALTHCARE SYSTEM</b>			
	<b>Year 2014</b>	<b>Year 2015</b>	<b>Year 2016</b>
<b>Net Patient Revenue</b>	\$1,800,620,959	\$1,917,020,581	\$1,970,497,456
Amount of Charity Care (charges)	\$221,417,876	\$123,694,713	\$121,815,596
Cost of Charity Care	\$45,062,165	\$24,351,000	\$25,170,596

<b>CHARITY CARE - SJMC</b>			
	<b>Year 2014</b>	<b>Year 2015</b>	<b>Year 2016</b>
<b>Net Patient Revenue</b>	\$168,935,383	\$171,978,175	\$165,465,847
Amount of Charity Care (charges)	\$18,385,285	\$10,085,027	\$11,828,268
Cost of Charity Care	\$3,252,357	\$1,737,650	\$1,993,063

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October 5, 2017

VIA FEDEX

Ms. Courtney Avery  
Administrator  
Illinois Health Facilities & Services Review Board  
525 W. Jefferson Street, 2nd Floor  
Springfield, IL 62761

Re: OSF Healthcare System/OSF St. Joseph Medical Center, Bloomington

Dear Ms. Avery:

Enclosed is a certificate of need application for OSF St. Joseph Medical Center to construct a medical office and outpatient cardiac care building on its campus in Bloomington, Illinois. Also enclosed is the applicable filing deposit fee.

Thank you.

Very truly yours,

  
Clare E. Connor

CCR/amm

cc: Mike Constantino  
Michelle Barclay  
Mark Hohulin

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